

THE INDONESIAN QUARTERLY

ASEAN: After 25 Years

- Current Events
- Towards A Sustainable Future of ASEAN
- The ASEAN Summit Conference and Its Significance to Indonesia's Economy
- Security Arrangements in Southeast Asia: A Challenge for ASEAN in the Post-Cold War Era
- ASEAN Security Cooperation After the Cold War: Problems and Prospects
- India's Sectoral Partnership with the ASEAN
- ASEAN-European Community Relations: Some Dimensions of Inter-Regional Cooperation
- The Importance of Being Non-Aligned
- Book Reviews
- Documents



The Quarterly

The Indonesian Quarterly is a journal of policy oriented studies published by the Centre for Strategic and International Studies (CSIS), Jalan Tanah Abang III/23-27, Jakarta 10160. It is a medium for research findings, evaluations and views of scholars, statesmen and thinkers on the Indonesian situation and its problems. It is also a medium for Indonesian views on regional and global problems. The opinions expressed in *The Indonesian Quarterly* are those of their authors and do not necessarily reflect the opinion of the CSIS.

The Logo



To better represent the underlying ideas that gave birth to the CSIS in 1971 the Centre uses as of 1989 the logo that figures on the front cover of this journal. The original, in bronze, designed by G. Sidhartha, it consists of a disc with an engraving that depicts the globe which serves as a background to a naked man with an open book laid on a cloth over his lap, his left hand pointing into the book, his right hand raised upwards. Altogether it symbolises the Centre's nature as an institution where people think, learn and communicate their knowledge to whoever are interested, to share it with them, mankind the world over being their concern and the globe their horizon. The nakedness symbolises the open-mindedness, the absence of prejudice, in the attitude of the scholars who work with the Centre, just as it is with scholars everywhere. The inscription reads "*Nalar Ajar Terusan Budi*," which in the Javanese language essentially means that to think and to share knowledge are only the natural consequence of an enlightened mind. It is a *surya sengkala*, that is *chandra sengkala*, a Javanese traditional way to symbolise a commemorable year in the lunar calendar, adapted to the solar calendar system. It consists in using words that express the perceived meaning of the commemorated year while marking the year at the same time, each word having a numerical value. Thus, the inscription, in reverse order, represents the year the CSIS was established: 1971.

Editor

Daniel Setyawan

Secretary

Al. Baroto

*Advisory Board
of Editors*

J. Soedjati Djiwandono, Kadjat Hartojo, Daoed Joesoef, Clara Joewono,
Rufinus Lahur, A.M.W. Pranarka, Pande R. Silalahi, Djisman S. Simandjuntak,
Hadi Soesastro, Harry Tjan Silalahi, Jusuf Wanandi.

The Indonesian Quarterly is published in January, April, July and October.

SIT

01381/SK/Dirjen PG/SIT/72

ISSN

0304-2170

THE INDONESIAN QUARTERLY

VOL. XX, NO. 3, THIRD QUARTER, 1992

Contents

From the Editor	232		
Current Events			
• The Tenth Summit: A Ground Breaking Occasion <i>Anne Greene</i>	233	• India's Sectoral Partnership with the ASEAN <i>Ganganath Jha</i>	298
• Political Crisis in Thailand <i>Edy Prasetyono</i>	237	• ASEAN-European Community Relations: Some Dimensions of Inter-Regional Cooperation <i>C.P.F. Luhulima</i>	309
• Hard Tasks for Fidel Ramos <i>A.R. Sutopo</i>	240	• The Importance of Being Non-Aligned <i>Bunn Nagara</i>	325
• Indonesia's 1992 General Election: Changes and Continuity <i>Al. Baroto</i>	244		
Articles		Book Reviews	
• Towards A Sustainable Future of ASEAN <i>Emil Salim</i>	257	• Liberalizing Foreign Trade in the Developing Countries <i>Threesye Oscarita Mariman and Henry Hsiang</i>	334
• The ASEAN Summit Conference and Its Significance to Indonesia's Economy <i>J. Soedradjad Djiwandono</i>	264	• Asia's New Little Dragons <i>Douglas E. Ramage</i>	336
• Security Arrangements in Southeast Asia: A Challenge for ASEAN in the Post-Cold War Era <i>Rizal Sukma</i>	273	• When the Indonesian Armed Forces Did Not Merely Use Their Rifles <i>Hedy Susanto</i>	341
• ASEAN Security Cooperation After the Cold War: Problems and Prospects <i>Angela M. Hemming</i>	286	Documents	
		• Annex K: Framework Agreement on Enhancing ASEAN Economic Cooperation	344
		• Annex L: Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA)	348
		• Annex M: Singapore Declaration of 1992	354

From the Editor

THE year 1992 is marked by important events, particularly for the ASEAN countries. On January 27-28, 1992 the ASEAN Summit Conference was held in Singapore, and in early September the Non-Aligned Movement (NAM) Summit will be held in Jakarta.

The ASEAN Summit, the fourth in its 25 years existence, was held not on account of ASEAN's 25th Anniversary, but due to the drastic changes that have happened on the global and regional political, economic, and strategic scenes. The NAM Summit, however, has given rise to controversies as a consequence of the end of the Cold War. Some consider the movement irrelevant as a result of the end of the Cold War. Others see the NAM as still playing an important role in today's global and regional situation. Whatever the result, it still remains to be seen.

Accordingly, on the occasion of ASEAN's 25th Anniversary, the *Indonesian Quarterly* addresses current events happening in some ASEAN countries. Indonesia will host the NAM Summit in September and preparations have been made in order to achieve the most successful outcome. Furthermore, the Indonesian people have recently gone to the polls to elect representatives for Parliament and the People's Consultative Assembly, which will then elect the president for the next five year term. The Philippines has elected a new president, Fidel Ramos, as successor of Corazon Aquino, whose tenure has ended. The president-elect, who will handle the helm of state for the next six year term, is facing severe challenges. Thailand, on the other hand has recently gone through a bloody ordeal related to a change in leadership. The question of whether it will be able to overcome its domestic turmoil in the near future is still uncertain.

Other interesting topics concerning ASEAN are also presented in this issue. There are articles dealing with the ASEAN Summit and its significance for Indonesia, environmental problems faced by the ASEAN countries, their security arrangements and relations with other countries, such as India, and with groupings like the European Community. The significance of NAM is also taken up in this journal, in context of its relations with ASEAN.

To provide readers of the *Indonesian Quarterly* with additional details on the ASEAN Summit, some previously published documents from the Summit have been appended.

Daniel Setyawan

Current Events

The Tenth Summit: A Ground Breaking Occasion

Anne Greene

THOUSANDS of workers have been busy around the clock at Senayan for the past eight months preparing for the Tenth Non-Aligned Movement (NAM) Summit, to be held in Jakarta from 1-6 September 1992. Their job is to build the facilities where the diplomats will meet and most will be housed. They are renovating the old convention hall, turning it into a sixty-thousand square meter centre, constructing a seven thousand square meter exhibition hall, a six thousand square meter media centre and equipping it with state-of-the-art communications links, including three thousand telephone lines, and a three hundred meter long tunnel to connect the convention centre with the hotel.

The large number of workers at Senayan, their arduous schedule, and the scope of the PT Indobuildco operation are dramatic, but they represent only some of the preparations

underway for the Summit. City and federal authorities are involved in an array of projects. A new monument at Taman Mini will bear the names of attending heads of state. New roads, like the one linking Pondok Pinang in South Jakarta and Pejompongan in Central Jakarta, are intended to make driving easier, as is a regulation requiring a three person minimum per car on the busy thoroughfares of Thamrin, Merdeka-Barat and Gatot Subroto. Sidewalks are being improved to make the city more visitor-friendly.

Diplomatic *demarches* began early and are ongoing. Indonesia assumed leadership of the NAM ahead of schedule because Yugoslavia was unable to finish its term as Chair. As a consequence, on 14 and 15 May 1992, Indonesia hosted the Coordinating Bureau Meeting in Bali, and selected the issues on which the Summit Declaration will

focus. Indonesia held the list to nine issues: the international situation; and assessment of the NAM role; the restructuring and revitalization of the United Nations; the end to apartheid rule in South Africa; a just settlement of the Palestine question; human rights, especially in relation to the right of self determination of black South Africans and Palestinians; development and trade; South-South Cooperation; and the environment and sustainable development.

Indonesia and other countries subsequently began to prepare a working draft Declaration for the Summit. In July, President Soeharto started sending envoys to personally invite the NAM heads of state to the Summit.

The Indonesian Ministry of Political Affairs brought the media up to speed by holding a two day workshop in July with the Indonesian Journalists' Association on "Indonesia's role and leadership in the Non-Aligned Movement for the period 1992-1995." NAM and Summit-related events are occurring with increased frequency and are reported by the media.

Social science research centres are also involved. On 16 and 17 June, the Centre for Strategic and International Studies (CSIS) hosted an international conference on the NAM. There were sessions on the future of the movement, its relations with the United Nations, ways it could be made more effective, and its action program in the political, economic, socio-cultural, and science and technology fields.

If preparations are finished in time and a substantial percentage of the one hundred and five NAM leaders and eight thousand participants attend the Summit, the event will be an organizational triumph. If Indone-

sia is also able to lead the NAM in purposeful new directions, it will be a historic occasion.

Indonesia takes the chair of the NAM at a time of transition for the world and for the movement. In the aftermath of the Cold War, it has the undoubtedly uncomfortable job of exploring the continued relevance of the organization in a world with one pole.

Indonesia's involvement with South-South economic cooperation has deep roots. The Asia-Africa Conference in Bandung in 1955 is credited with having inspired the NAM. Indonesia's first President, Soekarno, along with India's Jawaharlal Nehru, Egypt's Gamal Abdul Nasser, and Yugoslavia's Josip Broz Tito, provided strong leadership to the movement in its formative years.

During its three decades, the NAM has grown and institutionalized. When the movement began in 1961, there were twenty-five members. Following the recent Bali Meeting, Guatemala and Papua New Guinea joined, Cambodia reactivated its membership, and China became an observer; the total reached one hundred and five.

In its first decade, the NAM consisted of irregularly spaced summits of heads of state. Since then, summits have been held every three years, prior to the beginning of the United Nations General Assembly. Since 1970, foreign ministers have also become regular participants, and they too hold regular meetings that are scheduled midway between the summits. A Coordinating Bureau meets to prepare the foreign ministers' agenda and to arrange activities with governments and the United Nations. Numerous specialized working groups meet, as needed, to provide the NAM with their specialized expertise.

The NAM agenda has grown and there have been changes in emphasis but the overall purpose has remained constant, as reflected in the Summit proceedings and Declarations.

The NAM was a product of two decades - the 1950s, characterized by particularly tense Cold War tensions between the United States and the Soviet Union, and the 1960s, when many colonies gained their independence. These new countries created the NAM as an alternative to alignment with either superpower and as a source of support for shared interests. At the First Summit in Belgrade, anticolonialism was the centerpiece of the Declaration. Another issue was the growing gap between the developed and developing world in terms of trade, prices of raw materials, and access to technology. Through the 1960s, the NAM's demands for decolonization and an end to underdevelopment gave the movement an anti-West flavor.

The topic of the growing economic gap was pursued in 1964, at the Second Summit in Cairo, and in 1970, at the Third Summit in Lusaka. In Cairo, the NAM urged First World nations to establish institutions that would correct the growing disequilibrium. In Lusaka, the effort continued to elicit assistance.

When improved relations between the United States and the Soviet Union in the 1970s led to *détente*, the NAM became optimistic that its needs would be addressed. In 1973, at the Fourth Summit in Algeria, the NAM laid the groundwork for a new international economic order (NIEO) that would redress the economic disparities between the developed and developing worlds as a matter of justice, making use of preferential

mechanisms for poorer countries, such as special drawing rights. In 1976, at the Fifth Summit in Colombo, the focus continued to be on Third World economic needs and its growing debt problems.

In the latter part of the decade, when the NAM realized that the developed world was unwilling to accept the NIEO premises, the responses varied. Some members moved toward the Socialist camp, while others proceeded to work bilaterally with the United States. Disappointment at the fate of the NIEO was reflected in appeals for South-South cooperation in 1979, at the Sixth Summit in Havana.

In 1983, at the Seventh Summit in Delhi, the NAM issued a blistering Cold War statement on its struggle against imperialism, colonialism, and neocolonialism, apartheid, racism - including Zionism, all forms of foreign aggression, occupation, domination, interference, hegemony, great power and bloc policies. However, in its final Declaration, the NAM introduced a theme that reflected that the world was moving in a new direction - support for civil rights and individual freedom. In 1989, at the Ninth Summit in Belgrade, Pakistan proposed to reduce its conventional arms at all levels and to create a nuclear weapons free zone in the Indian Ocean. India suggested a planet protection fund under the auspices of the United Nations to develop and purchase conservation-compatible technologies.

The unraveling of the Socialist empire that began in Eastern Europe and spread to the Soviet Union itself in 1989 fundamentally changed the world as it had been known for the past forty years. Like many institutions created in response to the superpower blocs, the NAM must now consider whether

it still has a purpose, a *raison d'être*. In the absence of the blocs, presumably all nations could become members of the NAM. Belarussia has already applied.

If the NAM decides that its utility transcends the role of counterweight to now defunct blocs, it will need to reevaluate its expectations and formative assumptions, because with the end of the East-West rivalry, the movement has lost bargaining power. In addition, due to First World economic problems, there is less money and sympathy for the Third World. Finally, there is competition for resources with former East block countries, some of which are trying to be, not non-aligned, but aligned with the West.

Historically, the NAM posited its own economic development as different and more humane than that of the West. These attitudes only persist today in the poorest Third World countries. Elsewhere, there is increasing acceptance of a new international order based on an open market system.

Another founding principle was anti-colonialism. An implied corollary was that a colonial past leads to a dependent future. The 1983 NAM Declaration inveighed against colonialism. Yet today, colonialism is almost dead. Lingering traces remain in a very few places, such as Hong Kong and Macao, and perhaps in overseas departments and territories, such as French Guiana and American Samoa. Moreover, colonialism did not always relegate countries to dependent futures. Some of the fastest growing economies today were former colonial countries, such as Indonesia, Singapore, Malaysia, and Korea; Hong Kong still is. Finally, these countries have largely succeeded through their own initiative. At the CSIS conference, an Indonesian entrepreneur in

the audience, on hearing one visiting participant complain about levels and kinds of foreign assistance, whispered with irritation, "Just do it yourself. Don't rely on others."

An additional article of faith concerns Third World solidarity. When the NAM was new, its members were drawn together by their recent colonial past and their fledgling economies. Today, differences among the countries in political orientation, economic development, religion, size, and population have become more important than their commonalities. New organizations, such as the G-15, are cropping up to meet the divergent needs of subgroups of countries. Significantly, continued calls for solidarity are mainly heard from the weakest members of the NAM. But except for recommendations for greater cooperation through shared technologies and sports events, there is little observable interest among most Third World countries in each other. Until recently, the major university in one Asian NAM country did not offer a single course on Latin America, nor could a Minister from that same country think of anything his country needed to know about Latin America. At a recent conference, a diplomat from another Asian NAM nation identified one Latin American nation that has been a democracy for over fifteen years as a dictatorship. By the same token, how much do most Latin Americans and Africans know about Asia?

The NAM might decide to disband, concluding that its original mandate and assumptions have become obsolete and that Third World interests are adequately represented by other organizations such as the G-77 and UNCTAD. However, the probability of this occurring is low. There is more chance that the NAM will fade away, but not in the next three years, given Indonesia's

historic association with the movement. Bureaucratic inertia could keep the movement alive even beyond that time.

If Indonesian wants the NAM to continue to be meaningful, a unique role will have to be defined for it. According to the Indonesian diplomat Wiryono Sostrohandoyo, "The Indonesian approach [to the NAM] will be different. It will be innovative and constructive." The Indonesian effort to limit the agenda at Bali was innovative, and Indonesia could make a real contribution to the NAM in September by focussing narrowly on a few issues. Possible choices could be the United Nations and two closely related sub-

jects, the environment and family planning.

If the United Nations is going to be the preeminent forum for international conflict resolution, there is fairly wide consensus that the organization is due for a thorough inspection and structural change. The Earth Summit and the World Summit for Children have publicized the plight of the planet and its inhabitants, and initiated valuable corrective action. However, much remains to be accomplished, including a consensus on large scale, ethical, equitable, affordable solutions. It would be appropriate if Indonesia, with its expertise in diplomacy, environmental issues, and family planning, would make these topics a priority with the NAM.

Political Crisis in Thailand

Edy Prasetyono

THE current political crisis in Thailand may be considered the worst since 1973. The crisis was generated by the decision of the military and ruling coalition parties to appoint non-elected General Suchinda Kraprayoon as prime minister after Narong Wongwan had been forced to resign on account of the controversy over his involvement in international drug trafficking. Suchinda's appointment had been plotted by the military junta as a way to retain the military's dominant position and solve the uncertainty over the prime minis-

terial post and cabinet formation following the last general election (March 22nd, 1992) when not a single political party successfully gained majority seats in the lower house (House of Representatives). The military and pro-military civilian parties formed a coalition government. The parties in the coalition are: Samakkhi Tham (STP), Social Action (SAP), Chart Thai (CTP), Parachakom Thai, and Rassadorn.

Suchinda's appointment as prime minister was strongly opposed by the opposi-

tion parties, i.e.: Democratic Party (DP), Solidarity Party (SP), New Aspiration Party (NAP), and *Palang Dharma*. It was the 1991 December Constitution designed by the military junta after overthrowing Chatichai Choonhavan's government in February last year that enabled the coalition parties to appoint an unelected official as prime minister. Suchinda was one of key figures in the 1991 coup. In addition, according to the Constitution, the senate which was dominated by the military has the right to nominate a prime ministerial candidate.

This constitutional provision was strongly protested by the opposition parties led by Chamlong Srimuang (*Palang Dharma*) and Chaovalit (NAP). Supporters of the opposition parties poured into the streets demanding a constitutional change and Suchinda to step down. On Sunday, May 24 1992, a force of angry public drove Suchinda from power after the failed bloody attempt of the military to quell the pro-democracy demonstration.

The bloody aftermath of the political situation was followed by uncertainties. Facing the demand for a new premier and the controversy over the status of Suchinda, the government attempted to protect Suchinda and his military allies by giving an amnesty nationwide over Thailand. Apparently this would not be easy in view of the public hostility against the ruling coalition and the military officers involved, especially Suchinda, Issarapong, and Kaset Rojananil who were held accountable for the bloody military actions. The pro-democracy and opposition parties have signalled their stand against the amnesty and other initiatives taken by military junta and pro-military coalition. It seemed unlikely that the political crisis in Thailand following Suchinda's

resignation on May 24th 1992 would immediately come to an end, even though Thai parliament (National Assembly) has taken the necessary political steps including Constitutional amendments to comply with the opposition's demand of prohibiting a non-elected man from assuming premiership and cutting the power of the military-appointed upper house (Senate).

It seems obvious that a power struggle for the prime ministerial position is bound to happen. The military and pro-military civilian parties which hold majority seats in the Parliament strongly support Somboon Rahong's nomination for the post. Somboon is a retired airforce chief marshall whose party, Chart Thai Party (CTP), holds 74 seats in the Parliament and known as having close links with the military. It is understandable, therefore, that pro-democracy and opposition parties have frequently voiced their firm stance against Somboon's nomination and any other candidate nominated by pro-military parties.

To the opposition parties, Chaovalit is the most prominent prime ministerial candidate. Chaovalit's New Aspiration Party (NAP) occupies 72 seats in the lower house. But Chaovalit is an aggressive, ambitious, and tough politician. He has often criticised military hegemony in Thai politics. The military dislike and fear that Chaovalit may curb their power and influence. It seems likely that a strong military reaction would be aroused if Chaovalit is adamantly nominated by his party and opposition allies as prime minister. In such an uncertain political situation it seems unlikely that the nomination of either Somboon or Chaovalit would provide a political solution to the crisis. By and large, the opposition which initially indicated preference to a neutral candidate for

an interim prime ministerial post have recently turned to Chuan Leekpai, leader of the opposition Democratic Party, for the post.

Whoever the candidates will be, the struggle for the prime ministerial post will be a tricky power play among political parties. With majority seats in Parliament, pro-military parties must put forward the issue in parliament, where they can control the votes, thus providing a guarantee to secure their power. In addition, a parliamentary procedure could be designed to show that the government formed by them would be constitutionally legitimate. Hence, neither the ruling coalition parties nor its military back-up want a fresh general election. Not only because another general election would strain finances, but more importantly it may also result in a setback at the polls that might cost the ruling parties their majority seats in Parliament.

The major problem faced by the ruling parties, however, is how to maintain the coalition's cohesion in changed circumstances. Parties of the coalition backed by military officers who are blamed for bloody action could disintegrate if the officers concerned are discredited or removed from power. This is especially true for the Sammakhi Tham Party with its main back-up Marshall Kaset Rojananil whose status and fate aroused a lot of controversy. Should there be a removal of the top military leaders -- Suchinda, Kaset, and Issarapong -- the military will be faced by an uncertain leadership hierarchy. A change in the composition of the military hierarchy may affect disintegration of the ruling coalition. Or, since top military positions are still dominated by Suchinda's allies from the Fifth Class of Chulachomklao military academy, no choice for

the coalition parties but solidly supporting them to retain military positions at the expense of their public or popular supports.

Furthermore, participation of the Social Action Party in the coalition is still a moot point. The party which holds 31 seats in parliament is led by Montree Pongpanit, a member of Chatichai Choonhavan's government which was overthrown by military junta last year. Some analysts said that participation of the party in the ruling coalition is due to an intimidation addressed to Montree. Many people are therefore unsure of the coalition's cohesiveness in the face of the present uncertainties and in the event of a political crisis in the future.

Unfortunately, the opposition parties have not as yet been able to significantly secure political gains, unless they feel the need for a new grouping of the next Prime Minister and cabinet. Another possibility is to get support for their candidate for premiership, Chuan Leekpai, from parties in the ruling coalition.

In such a complicated situation, the Parliament is being faced by a risky task. Announcing a candidate nominated by the five pro-military civilian parties may incite a new mass uprising. Meanwhile, giving a chance to the opposition parties to make political manoeuvres vis-à-vis the pro-military civilian parties would deteriorate the situation. This may provide a rationale to the military to stage a coup. In light of this consideration the Parliament has decided to delay the announcement of the prime ministerial candidate.

Generally speaking, the parliament has not been able to overcome the crisis. This is undoubtedly not without consequences. *First*, the continued political uncertainty,

especially a vacuum of a prime ministerial post, could deteriorate the situation that would be interpreted by the ruling coalition and opposition as providing more chances for political struggle between the two sides. Hence, the decision by the King to appoint Anand Panyarachun as interim Prime Minister is seen as the best option in such a highly sensitive situation. *Second*, a growing and firm demand by the opposition for the dissolution of parliament and a fresh general election seems to have arisen. The opposition stood firmly that Anand's interim government should complete preparations for the general election before the parliament is dissolved. No doubt, the demand has been designed by the opposition to challenge the military and pro-military parties in view

of the public hostility against them.

What has happened clearly reveals a persisting Thai political tradition: civil-military power relationship and leadership problems. The armed forces keep insisting on retaining their dominance in Thai politics, whereas civil politicians have always been characterised by a lack of competence and attractiveness to assume leadership roles. The question whether these current events will bring about a momentum or will pave the way for a political change in Thailand remains to be seen. However, it appears that the crisis has at least created more elbow-room for politicians to manoeuvre in the power struggle vis-à-vis the armed forces in Thai politics.

Hard Tasks for Fidel Ramos

A.R. Sutopo

ON June 22, 1992 the Congress of the Philippine proclaimed that Fidel Ramos won the presidential election which was held on June 11, 1992. Ramos is a son of Narciso Ramos, the former Foreign Minister in 1960s who was one of the signatories to the ASEAN Declaration in Bangkok in 1967, and is also a cousin of Ferdinand Marcos. He was inaugurated on June 30, 1992 as the twelfth president of the Phi-

ippines since the end the Spanish colonial rule in 1898 and the eighth since the country got its independence from the United States in 1946. He is going to lead the country for the next term of six years.

The last presidential election was considered to be the most democratic one the Philippines has conducted in terms of its security, fairness, and participation. However, at least for the present, Ramos does not have a strong political basis and support and has not shown a clear-cut political orientation.

*This article is translated from *Suara Karya*, 30 June 1992.

Looking at the result of the election, Ramos got the presidency with less people's support than what Mrs. Aquino obtained in February 1986. Then, Mrs. Aquino won by a majority of votes, although President Marcos stated that she lost the election. Marcos' fraud could not silence people's voice, and even he and his loyal persons had to leave the country. Finally, Mrs. Aquino became president with a full mandate from the people to rule the country.

Ramos' rise to power is quite different. Though he is the president-elect, he only acquires a minority mandate, namely twenty-four per cent of the votes. It means that more than seventy-five per cent of the people's votes were not given to Ramos in the last presidential election. Moreover, Congress which consists of twenty-four senators and 200 representatives (*Batasang Pambansa*) is dominated by the potential-opposition group, LDP (*Laban ng Demokratikong Pilipinas*) which has seventeen senators and seventy-five representatives. EDSA-National Union of Christian Democrats (NUCD), the party which supports Ramos, is in the minority. It gives the impression that his position in dealing with members of the legislature in the future will be very weak.

In spite of allegations of frauds in the election directed to him, it is worth noting that the election was the beginning of the Philippines political life which has left traditional political practices. The fact that non-traditional presidential candidates, such as Fidel Ramos and Miriam Defensor Santiago received the most substantial supports from the voters is in evidence. Both of them apparently relied more on their personal appeals rather than on the machinery of their respective parties and money. In the history

or traditions of elections in the Philippines, party mechanism, money, and home town of a candidate have become the keys of a candidate's success. The situation is still evident in the recently held elections for the regional positions and Congress.

Ramos' victory and the success of Miriam Defensor Santiago who was second in the presidential race suggest that in the recent presidential election the voters wanted to avoid deadlocks caused by traditional politics such as those that took place during the period of Aquino. That is why candidates such as Ramon Mitra and Salvador Laurel Jr. who relied on the mechanism of traditional politics lost the race. Although he was fully backed by President Aquino, among other things as a token of thanks (*utang na loob*) for having saved her from several coup attempts, the votes which Ramos acquired indicate that a lot of things will depend on his future actions in revitalising the stunted life of the country.

Therefore, at this stage, it is too early to say that due to the minority mandate that Ramos receives, he will fail leading the country. Ramos is considered to be a figure who tends to be weak, was indecisive during the Marcos' as well as Aquino's regimes, and is a quiet and enigmatic figure. However, history shows that a person who is relatively unpopular, such as Michael Gorbachev, or Boris Yeltsin of the former USSR, is able to make unexpected changes or beyond experts' analysis. It does not follow that the history of the Philippines will parallel that of the USSR. It merely suggests that there are complex factors which cannot easily be described either with regard to a new leader or the society, and may bring about significant changes if they are triggered. Ramos is in the transition era between the extreme dictator-

ship of Marcos and the extreme freedom shown by the seven candidates in the recently held election. There is still a possibility that Ramos will become the trigger.

No doubt the important step Ramos has to take promptly is that he has to prove that he is capable of becoming an effective leader for the Philippines. It will significantly strengthen the weak mandate he has got to lead the country. The weak power of his party necessitates Ramos to cooperate or form a coalition with other political groups to support his administration. A multi-party coalition may be a way to strengthen the position of the government in facing the opposition. However, such a coalition is fluid in the event of rivalries or frictions among the supporting parties and the condition will disrupt the nation's life.

What supporters of Ramos have in mind now is to establish some sort of coalition to enhance consensus in dealing with national affairs. Its aim is to cope with the weak support for LAKS-NUCD and to solidify stability as well as to avoid rivalries and compromises, being political ways to achieve progress and changes in the country. Therefore, it is predictable that there will be consultative councils of multi-parties for economic sectors and national unity. Yet, it is something new in the political life of the Philippines, and it requires a strong leadership, which is apparently not ideal for the democracy *à la* Manila.

Another alternative is to strengthen the position of the presidency as a strategy to secure Congress support. This could happen in the Philippines since members of the Congress are not allowed to move from one party to another, or from an opposing to a supporting party. Besides, Ramos can make

himself a strong person during his six year term, so that he may attract Congress members who need support from the president for their future career to back his policies.

So far, Ramos has made attempts to open a dialogue with his political rivals for reconciliation. He visited Cardinal Sin, the most important figure in the Catholic church in the Philippines. It is the unwritten law of the Philippines that in a country where eighty-five per cent of the people are Catholics, Cardinal Sin plays a significant political role. Ramos has also made some reconciliation attempts with Imelda Marcos, his late cousin's wife, after being opponents in the last election. He may continue and spread the reconciliatory approach in the future.

Ramos takes over leadership of the country with its social, economic, political, and security legacy which is not different from the one left to Mrs. Aquino in the beginning of her presidency. From the socio-economic point of view the country is facing some acute matters. The population growth is almost three per cent per year. It means that every year the country faces increasing social demands for education, health, public services, and many others. The socio-economic gap in the society is very wide. The facts indicate that given the income per capita of US\$700 per annum, seventy per cent of the population are still under the poverty line. In other words, the gap between the small number of rich people and the majority who are under the poverty line is very wide.

One of the reasons is that in the Philippines, being an agricultural country, most of the land is owned by a small number of people. The greatest number of people only own a small piece of land, if at all. Presidents of

the Philippine, including Mrs. Aquino, have tried the land reform programme, but none has successfully solved this problem. It is still a moot question whether Ramos will be able to make history by solving the problem which includes compensation, funding, and alternatives for the traditional farmers.

In the economic sector, Ramos will face some urgent matters. The average economic growth for the last six years has been three per cent and it is just enough to compensate for the population growth. Hence, practically the economy of the country is stagnant. Meanwhile, unemployment has reached nine per cent. Foreign debt which has amounted to twenty-six billion dollars does not support its economy but on the contrary, it has become a burden since the government should allocate twenty per cent of the budget to repay the principal and interests. Undoubtedly, this condition influences the allocation of funds for the infrastructure development as well as social services. In such a difficult situation, the US government who usually extend significant direct and indirect economic aids, will certainly reduce the amount of their contribution due to the closing of their bases in the Philippines.

In the socio-political sector, national integration is a problem which has been haunting the country for so many years. How the concept of the nation and country can be understood throughout the Philippines is still an acute problem. The Philippines is a state concept which is not merely based on geographical factors. The social foundation of the country also calls for some serious improvements. Communist and leftwing rebellions, the separatist movement in Mindanao, and coup d'etat rumours are some of the important themes which are closely related to essential elements of the social foundations

of the country such as social, economic, political, ideological problems of the nation. Those are the categories of problems which are too broad to discuss here, but essential to understand in the context of the future of the Philippines.

In the defence sector, the problems that Ramos is confronting are not very much different from what he has so far been facing. Rightwing and leftwing extremists, disintegration of the armed forces, separatism in Mindanao are the major issues that have to be directly dealt with. In this sector, to a certain extent, Ramos has got some experience, or even his own original concepts to solve them. He has so far followed instructions, but now he has to carry out his own policies. He apparently will focus his attention on the issues mentioned above which include opening dialogues with rebels so that the necessary modernisation of the armed forces can be soon materialised. However, part of these issues stem from bigger social, economic, and political problems.

In brief, what Ramos is going to confront as president of the Philippines in the coming six years is his ability to lead the country effectively through a maze of problems that the Philippines has. He has in fact a background which may benefit him as a firm and effective leader, that is his military experience. However, in the Philippines or elsewhere in the world, the solution of problems, especially acute national ones, does not lie in the hand of one single individual. In other words, Ramos' reputation will also depend on the people around him. Right choices will significantly reduce the heavy burden. Ramos alone, even with his party, is not a panacea for the Philippines. He has to work side by side with fellow Philippines who have been suffering for such a long time.

Indonesia's 1992 General Election: Changes and Continuity

Al. Baroto

THE Fifth General Election during the period of the New Order government was held simultaneously throughout Indonesia on June 9, 1992. The purpose of this election was to elect candidates to the House of Representatives (DPR), the Regional Legislative Assemblies (DPRD), and the People's Consultative Assembly (MPR), the state's highest policy-making body, for the period of 1992-1997.

Since the 1987 General Election, based on Act No. 2 of 1985, the DPR's membership totals 500, of which 100 seats are occupied by members of the Armed Forces (ABRI), who are appointed by the President. The membership of the MPR is twice as large. All the DPR members are concurrently members of the MPR. Therefore, the MPR is made up of the 500 DPR members augmented by 500 delegates, and, according to the Decision of the Minister of Home Affairs/Chairman of the General Election Institute (LPU) No. 19/1992, the MPR members comprise: (1) Delegates from the First Level Regions or Provinces; to number not less than four persons for a province with a population of less than one million people, and not more than eight persons for a province with a population of over fifteen million, making for a total of 149 delegates,

and these regional delegates are elected by their respective regional legislative assemblies; (2) Representatives of professional groups, which number 100 persons. They are appointed by the President on the recommendations of their respective organisations or at the President's discretion; (3) In addition to the members of the DPR mentioned above, political organisations contending in the general election as well as the ABRI faction in the DPR, are allowed additional membership that is proportionate to their respective membership in the DPR.¹

Like the previous general elections, the 1992 General Election is based on a proportional representation and register system. In this way the number of representatives of the organisation in the DPR and DPRD is as far as possible in proportion to the amount of support in society. To this end, an organisation whose candidates are in a list of candidates will obtain a number of seats based on a certain electoral quotient, i.e. a certain number obtained by dividing the total number of votes by the number of seats available. The register system as well as the

¹500 delegates subtracted 149 delegates from the First Level Regions, and again subtracted 100 representatives of the professional group, therefore the total number of additional membership is 251.

system of general elections reflect an acknowledgement of the system of organisation taking part in the political life. Each Second Level Region (sub-provincial region: "*kabupaten*" for rural areas and "*kotamadya*" for urban areas) gets at least one representative, based of the proportional representation system regulated by Government.²

The voters at the polls in each electoral region have to perforate three ballot cards: one card for DPR, one for DPRD I, and another one for DPRD II, but only functioning one of the three symbols of OPPs (*Organisasi Peserta Pemilu* or General Election Participating Organisations), namely the United Development Party (PPP), Functional Group (Golkar) and the Indonesian Democratic Party (PDI). It is expected that the people's representatives in the DPR, DPRD I and DPRD II will then represent the aspirations and interest of the people.

The proceedings of the 1992 General Elections is based on the Decree of the MPR No. II/MPR/1988 on the Guidelines of State Policy, and No. III/MPR/1988 on the General Election. The Second Article of this Decree stipulates that the general election should be conducted honestly and shall give a more effective role to the OPPs (PPP, Golkar and PDI) by allowing witnesses from each OPPs to be present at every polling station. This is considered one of the prerequisites for a clean and fair general election.

Owing to population increases in some regions, there have been some changes in the allocation of DPR seats. Those which have increased their representation are: North

Sumatera from twenty-one to twenty-two, Lampung from ten to eleven, West Kalimantan from seven to eight, North Sulawesi from six to seven, and Maluku from four to five; and others, which have decreased their representation are: the Special Region of Jakarta (DKI Jakarta) from fifteen to fourteen, Central Java from fifty-eight to fifty-seven, the Special Region of Yogyakarta from six to five, and East Java from sixty-four to sixty-two. According to the population data, which was announced by the General Election Institute (LPU) Indonesia's Election Committee (PPI), the number of citizens in the Republic of Indonesia totalled 177,489,747 in 1992, of whom 107,565,697 (60.60 per cent) have voting rights, consisting of 52,490,925 men and 55,074,772 women.³

Significance of the 1992 General Election

The outcome of the 1992 General Election was significant for four reasons:

First, Indonesia has entered the fourth year of the Fifth Five-year Development Plan (Repelita). The Fifth Repelita is the last phase of a series of Repelitas which constitutes the First twenty-five Year Long-term Development Programme. It is also the final stage of preparations before entering the "take-off" era, i.e. the period where development in the field of economy is given top priority with emphasis on development in the industrial sector supported by sustainable growth in the agricultural sector. Hence, one important task facing the nation during this period is how to strengthen, consolidate, and improve development in every

²*Indonesia 1992* (Jakarta: Directorate of Foreign Information Service, Department of Information, Republic of Indonesia, 1992), 34-35.

³*Ibid.*, 35.

sector of the nation's life to prepare for the Sixth Five-Year Development Plan (Repelita VI) as the first stage of the Second twenty-five Year Long-term Development Programme. This stage is the period of reinforcing the basic foundation of development, which has been achieved in the previous periods. A basic foundation is needed by Indonesia for sustainable development, to become increasingly capable of facing sudden fluctuations of every sector of the nation's life, especially in the field of economy, both from within the country and without, and to be able to increasingly rely on its own assets -- its human and natural resources.

Second, the 1992 General Election signifies the process of a generational change in Indonesia. More than fifty per cent of the over 100 million voters in this election were under forty years of age. They are seen as the "new breed" in society, since they did not experience the pre-independence era. The OPPs, especially Golkar, which has been "the dominant ruling party" in Indonesia since 1971, has recruited new candidates from among the younger generation. At the same time, nearly all of the "1945 generation" who are leaders are now seventy years old. Thus, it is expected that the younger generation will play an important role in the formulation of the second (twenty-five year) long-term development strategy.

Third, society is increasingly aware of the importance for justice and democracy as a result of the development in education, economy, and technology, and the rapid flow of information. Hence, it is the main objective of the 1992 General Election to realise the aspirations and interests of society, by implementing the second Long-Term Development Programme.

Fourth, presently the world is undergoing fundamental changes in the politico-security and economic realms, at global, regional, and national levels. The politico-strategic environment today is marked by the end of the post-World War II Cold War era. Other systemic changes include the growing importance of the economics in international relations, although, as demonstrated in the Gulf War, military capabilities are still relevant. Economic progress, technological development, and telecommunications have all spread the influence of democratic values and market forces. At the same time, they have weakened national sovereignty, aroused greater nationalist sentiments, and racial and ethnic feelings.

The Outcome of the 1992 General Election

On June 29, 1992, the Indonesian Electoral Committee (*Panitia Pemilihan Indonesia* or PPI) announced the result of the 1992 election. The total number of valid votes stood at 97,789,534 (90.90 per cent of the registered voters), and the distribution of votes obtained by the OPPs comprises: Golkar got 66,599,331 votes (68.10 per cent), PPP got 16,624,647 votes (17 per cent), and PDI got 14,565,556 votes (14.90 per cent). The figures also show the distribution of the 400 seats in the DPR: 282 seats went to Golkar, sixty-two seats went to PPP, and the remaining fifty-six seats went to PDI (see Table 1).

Eventually the overall outcome of the 1992 General Election could be explained by comparing it with those of previously held general elections. Comparing the result of the 1992 General Election nationwide with

No. Electoral Region	Total Population of Indonesian Citizens	Registered Voters	Total Number of Valid Votes	Number of Valid Votes Obtained by the OPPs				DPR Seats Obtained by:			Number of DPR Seats	% of Valid Votes in Each Region
				PPP	Golkar	PDI	PD1	PPP	Golkar	PDI		
1. ST of Aceh*	3,376,424	1,927,890	1,821,027	628,508	1,063,623	128,896		3	6	1	10	94.46
2. North Sumatra	10,045,649	5,438,086	5,081,703	553,846	3,622,891	904,966		2	16	4	22	93.45
3. West Sumatra	3,997,167	2,295,044	2,177,944	314,088	1,787,435	76,421		2	11	1	14	94.90
4. Riau	3,263,065	1,845,227	1,713,656	245,536	1,311,893	156,227		1	5	1	7	92.87
5. Jambi	1,985,126	1,132,251	1,094,370	53,463	992,438	48,469		0	6	0	6	96.65
6. South Sumatra	6,263,883	3,540,232	3,218,413	384,040	2,260,716	573,657		2	9	2	13	90.91
7. Bengkulu	1,185,893	662,384	632,646	36,389	544,529	51,728		0	4	0	4	95.51
8. Lampung	5,929,606	3,293,864	3,192,004	118,761	2,887,420	185,823		0	10	1	11	96.91
9. STCC of Jakarta**	7,639,026	5,104,473	4,771,519	1,136,110	2,596,286	1,039,123		3	8	3	14	93.48
10. West Java	34,992,077	20,998,299	18,993,272	2,836,243	13,387,077	2,769,952		9	43	9	61	90.45
11. Central Java	28,886,123	17,770,458	15,518,500	3,556,412	8,606,820	3,355,268		13	32	12	57	87.33
12. ST of Yogyakarta	2,918,547	1,911,164	1,683,629	343,803	986,517	353,209		1	4	1	6	88.09
13. East Java	31,991,287	21,173,457	18,826,000	4,746,782	11,073,118	3,006,100		16	36	10	62	88.91
14. West Kalimantan	3,237,041	1,833,888	1,644,586	240,221	1,050,112	354,253		1	5	2	8	89.68
15. Central Kalimantan	1,417,759	799,190	785,045	61,358	677,245	46,442		1	5	0	6	98.23
16. East Kalimantan	1,860,390	1,091,614	924,179	165,035	568,302	190,842		1	4	1	6	84.66
17. South Kalimantan	2,559,740	1,545,740	1,427,449	300,457	994,298	132,694		2	7	1	10	92.35
18. Bali	2,754,335	1,855,666	1,717,928	34,225	1,348,153	335,550		0	6	2	8	92.58
19. West Nusa Tenggara	3,344,574	1,865,460	1,660,317	183,427	1,303,310	173,580		1	5	1	7	89.00
20. East Nusa Tenggara	3,265,499	1,839,135	1,770,766	32,610	1,615,130	123,026		0	11	1	12	96.28
21. East Timor	755,950	416,002	370,298	5,291	305,930	59,077		0	3	1	4	89.01
22. South Sulawesi	6,530,698	4,043,948	3,817,031	294,214	3,424,803	95,814		2	21	0	23	94.31
23. Central Sulawesi	1,700,887	969,781	930,556	102,009	751,662	76,885		1	3	0	4	95.96
24. North Sulawesi	2,453,682	1,543,760	1,488,581	66,717	1,313,421	108,443		0	6	1	7	96.43
25. Southeast Sulawesi	1,352,796	717,655	708,148	13,035	668,135	26,978		0	4	0	44	98.67
26. Maluku	1,850,796	1,021,924	942,427	150,982	696,109	95,336		1	4	0	5	92.22
27. Irian Jaya	1,680,822	929,105	880,640	21,085	767,758	96,797		0	8	1	9	94.78
Total	177,498,747	107,565,697	97,789,534	16,624,647	66,599,331	14,565,556		62	282	56	400	90.91

*ST : Special Territory

**STCC : Special Territory of the Capital City

Source: LPU (*Lembaga Pemilihan Umum* or General Election Institute)/PPI (*Panitia Pemilihan Indonesia* or Indonesian Electoral Committee).

that of the 1987 General Election the following changes are evident: PPP has increased its number of seats from sixty-one to sixty-two; although Golkar is still the victor in the general election, this OPP experienced a setback in obtaining DPR seats, which declined from 299 to 282; and PDI again succeeded in increasing its number of seats from forty to fifty-six, though the total was still less in number than that of the PPP.

The number of DPR seats obtained by the OPPs in the general election reflected changes since the previous general elections. As shown in Table 2c, the percentage of votes obtained by PPP has decreased in Sumatra (eight provinces), Kalimantan (four provinces), and Sulawesi (four provinces), but increased in Java (five provinces). However, in obtaining DPR seats, PPP lost six seats in Sumatra (Aceh, North Sumatra, West Sumatra, Jambi, Bengkulu, and Lampung) and gained seven additional seats in Java (one in West Java, three in Central Java, and another three in East Java). Nationwide PPP has gained only one additional DPR seat, but this OPP has no representatives in nine electoral regions, namely Jambi, Bengkulu, Lampung, Bali, East Nusatenggara, East Timor, North Sulawesi, Southeast Sulawesi and Irian Jaya.

The percentage of votes obtained by Golkar in almost all electoral regions decreased except in eight provinces: Aceh, West Sumatra, Jambi, South Sumatra, Bengkulu, Lampung, DKI Jakarta, and North Sulawesi. Nationwide this OPP lost seventeen seats. Golkar lost twenty-four seats: one in Riau, twenty in Java (one in West Java and another one in Yogyakarta, eight in Central Java, and ten in East Java) and three seats in the outer islands (Bali, East Nusatenggara, and East Timor); and

gained seven additional seats: four in Sumatra (Aceh, North Sumatra, Jambi and Bengkulu), one in DKI Jakarta, and two in the outer islands (North Sulawesi and Maluku). But Golkar was the only OPP that obtained the absolute victory in three electoral regions, these of Jambi, Bengkulu, and Southeast Sulawesi.

The percentage of votes obtained by PDI has increased in all regions except the DKI Jakarta. PDI only lost one seat, to Jakarta, and gained additional seats elsewhere: three in Sumatra (North Sumatra, Riau and West Sumatra), nine in Java (four in Central Java, and five in East Java), and four in the outer islands (West Kalimantan, Bali, West Nusatenggara, and East Timor). Nationwide, PDI gained sixteen DPR seats, but, like PPP, PDI could not obtain its representatives in seven electoral region, namely in Jambi, Bengkulu, Central Kalimantan, South Sulawesi, Southeast Sulawesi, and Maluku.

It is evident that the number of seats obtained by PPP and PDI in Java is always higher than it is in the outer islands, and Table 3 clearly shows that support for Golkar is most striking in the outer islands.

Golkar lost seventeen seats, however, emerged again as the overall winner. The number of DPR seats obtained by Golkar (282) is still greater than the total number of DPR seats obtained by PPP and PDI (118). If the ABRI faction and Golkar joined forces in the DPR, then the balance of power between Golkar (282) plus ABRI (100) and two others OPPs would be revealed by the ratio of 382 to 118 in Parliament.

This ratio also signifies that there will be changes in the composition of the new MPR as a manifestation of the recent political con-

Table 2a
COMPARISON BETWEEN THE 1987 AND THE 1992 GENERAL ELECTION RESULTS
(Number of Valid Votes)

No. Electoral Region	Number of Valid Votes Obtained by Each Organisation in Each Region				Total Number of Valid Votes in Each Region	
	PPP		Golkar		PDI	
	1987	1992	1987	1992	1987	1992
1. ST of Aceh	660,644	628,508	798,983	1,063,623	77,986	128,896
2. North Sumatra	606,617	553,846	3,274,533	3,622,891	619,195	904,966
3. West Sumatra	375,529	314,088	1,504,457	1,787,435	32,883	76,421
4. Riau	203,555	245,536	1,078,942	1,311,893	70,810	156,227
5. Jambi	74,706	53,463	809,299	992,438	26,633	48,469
6. South Sumatra	508,006	384,040	1,869,635	2,260,716	321,625	573,657
7. Bengkulu	51,547	36,389	426,301	544,529	24,819	51,728
8. Lampung	196,820	118,761	2,337,563	2,887,420	151,500	185,823
9. STCC of Jakarta	851,456	1,136,110	1,996,837	2,596,286	1,126,859	1,039,123
10. West Java	2,197,846	2,836,243	11,347,051	13,387,077	2,367,065	2,769,952
11. Central Java	2,600,746	3,556,412	9,743,228	8,606,820	1,940,623	3,355,268
12. ST of Yogyakarta	227,846	343,803	1,103,429	986,517	240,836	353,209
13. East Java	3,568,918	4,746,782	12,290,362	11,073,118	1,374,784	3,006,100
14. West Kalimantan	224,996	240,221	997,707	1,050,112	228,903	354,253
15. Central Kalimantan	56,237	61,358	592,973	677,245	15,663	46,442
16. East Kalimantan	157,474	165,035	505,919	568,302	82,612	190,842
17. South Kalimantan	304,716	300,457	881,987	994,298	41,339	132,694
18. Bali	25,398	34,225	1,338,876	1,348,153	161,622	335,550
19. West Nusatenggara	175,337	183,427	1,217,950	1,303,310	82,003	173,580
20. East Nusatenggara	21,339	32,610	1,543,497	1,615,130	64,389	123,026
21. East Timor	2,648	5,291	338,078	305,930	20,174	59,077
22. South Sulawesi	300,629	294,214	3,049,126	3,424,003	37,684	95,814
23. Central Sulawesi	94,150	102,009	654,742	751,662	38,778	76,885
24. North Sulawesi	71,064	66,717	1,148,651	1,313,421	93,162	108,443
25. Southeast Sulawesi	11,927	13,035	583,386	668,135	5,204	26,978
26. Maluku	109,570	150,982	672,281	696,109	43,273	95,336
27. Irian Jaya	21,716	21,085	737,887	762,758	34,224	96,797
Total	13,701,428	16,624,647	62,783,680	66,599,331	9,324,708	14,565,556
					85,809,816	97,789,534

Source: M. Sudibjo, "The 1987 General Election" (Table 2), *Indonesian Quarterly* XV, no. 3 (July 1987): 317.

Table 2b

COMPARISON BETWEEN THE 1987 AND THE 1992 GENERAL ELECTION RESULTS
(Percentage of Valid Votes and Number of DPR Seats)

No. Electoral Region	Percentage of Valid Votes Obtained by Each OPP				Number of DPR Seats Obtained by:						Total Number of DPR Seats by Each Region	
	PPP		Golkar		PPP		Golkar		PDI		1987	1992
	1987 (%)	1992 (%)	1987 (%)	1992 (%)	1987	1992	1987	1992	1987	1992		
1. ST of Aceh	2.57	34.51	51.96	58.41	4	3	5	6	1	1	10	10
2. North Sumatra	13.48	10.90	72.76	71.29	3	2	15	16	3	4	21	22
3. West Sumatra	19.63	14.42	78.65	82.07	3	2	11	11	0	1	14	14
4. Riau	15.04	14.33	79.73	76.55	1	1	6	5	0	1	7	7
5. Jambi	8.20	4.88	88.87	90.68	1	0	5	6	0	0	6	6
6. South Sumatra	18.82	11.93	69.26	70.24	2	2	9	9	2	2	13	13
7. Bengkulu	10.25	5.75	84.81	86.07	1	0	3	4	0	0	4	4
8. Lampung	7.33	3.72	87.43	90.46	1	0	9	10	0	1	10	11
9. STCC of Jakarta	21.42	23.81	50.23	54.41	3	3	8	8	4	3	15	14
10. West Java	13.81	14.93	71.31	70.48	8	9	44	43	9	9	61	61
11. Central Java	18.21	22.91	68.21	55.46	10	13	40	32	8	12	58	57
12. ST of Yogyakarta	14.49	20.42	70.19	58.59	1	1	5	4	1	1	7	6
13. East Java	20.78	25.21	71.21	58.82	13	16	46	36	5	10	64	62
14. West Kalimantan	15.50	14.61	68.73	63.85	1	1	5	5	1	2	7	8
15. Central Kalimantan	8.46	7.82	89.19	86.27	1	1	5	5	0	0	6	6
16. East Kalimantan	21.11	17.86	67.82	61.49	1	1	4	4	1	1	6	6
17. South Kalimantan	24.81	21.05	71.82	69.66	2	2	7	7	1	1	10	10
18. Bali	1.66	1.99	87.74	78.47	0	0	7	6	1	2	8	8
19. West Nusatenggara	11.88	11.05	82.56	78.50	1	1	6	5	0	1	7	7
20. East Nusatenggara	1.31	1.84	94.74	91.21	0	0	11	11	1	1	12	12
21. East Timor	0.73	1.43	93.68	82.62	0	0	4	3	0	1	4	4
22. South Sulawesi	8.87	7.71	90.01	89.70	2	2	21	21	0	0	23	23
23. Central Sulawesi	11.95	10.96	83.12	80.77	1	1	3	3	0	0	4	4
24. North Sulawesi	5.41	4.48	87.49	88.23	0	0	5	6	1	1	6	7
25. Southeast Sulawesi	1.97	1.84	97.15	94.35	0	0	4	4	0	0	4	4
26. Maluku	13.28	16.02	81.48	73.86	1	1	3	4	0	0	4	5
27. Irian Jaya	2.76	2.39	92.95	86.61	0	0	8	8	1	1	9	9
Total	15.97	17.00	73.17	68.10	61	62	299	282	40	56	400	400

COMPARISON BETWEEN THE 1987 AND THE 1992 GENERAL ELECTION RESULTS
(Increase or Decrease)

No. Electoral Region	Number of Valid Votes			Percentage of Valid Votes			Number of DPR Seats			Each Region			
	PPP	Golkar	PDI	PPP	Golkar	PDI	PPP	Golkar	PDI				
1. ST of Aceh	-	32,136	+	264,640	+	50,910	-8.46	+ 6.45	+ 2.01	- 1	+ 1	--	--
2. North Sumatra	-	52,771	+	348,548	+	285,804	-2.58	- 1.47	+ 6.06	- 1	+ 1	+ 1	+ 1
3. West Sumatra	-	61,411	+	282,978	+	43,538	-5.21	+ 3.42	+ 1.79	- 1	--	+ 1	--
4. Riau	+	41,981	+	232,951	+	85,411	-0.71	- 3.18	+ 3.88	--	- 1	+ 1	--
5. Jambi	-	21,243	+	18,139	+	21,836	-3.32	+ 1.81	+ 1.51	- 1	+ 1	--	--
6. South Sumatra	-	123,966	+	391,081	+	252,032	-6.89	+ 0.98	+ 5.90	--	--	--	--
7. Bengkulu	-	15,158	+	118,228	+	26,909	-4.50	+ 1.26	+ 3.24	- 1	+ 1	--	--
8. Lampung	-	78,059	+	549,857	+	34,323	-3.61	+ 3.03	+ 0.18	- 1	+ 1	+ 1	+ 1
9. STCC of Jakarta	+	184,654	+	599,449	-	87,736	+2.39	+ 4.18	- 6.57	--	--	- 1	- 1
10. West Java	+	638,397	+	2,040,026	+	402,887	+1.12	- 0.83	- 0.29	+ 1	- 1	--	--
11. Central Java	+	955,666	-	1,136,400	+	1,414,645	+4.70	-12.75	+ 8.05	+ 3	- 8	+ 4	- 1
12. ST of Yogyakarta	+	115,957	-	116,626	+	112,373	+5.93	-11.60	+ 5.66	--	- 1	--	- 1
13. East Java	+	1,177,864	-	1,157,244	+	1,631,316	+4.43	-12.39	+ 7.96	+ 3	-10	+ 5	- 2
14. West Kalimantan	+	15,225	+	52,405	+	125,530	-0.89	- 4.88	+ 5.77	--	--	+ 1	+ 1
15. Central Kalimantan	+	5,121	+	84,272	+	30,779	-0.64	- 2.92	+ 0.56	--	--	+ 1	+ 1
16. East Kalimantan	+	7,557	+	62,383	+	108,230	-3.35	- 6.33	+ 9.58	--	--	--	--
17. South Kalimantan	-	4,259	+	112,311	+	91,311	-7.11	- 2.16	+ 5.92	--	--	--	--
18. Bali	+	8,827	+	44,277	+	173,928	+0.33	- 9.27	+ 8.93	--	- 1	+ 1	--
19. West Nusatenggara	+	8,090	+	85,560	+	91,577	-0.83	- 4.06	+ 4.83	--	- 1	+ 1	--
20. East Nusatenggara	+	11,280	+	71,633	+	58,637	+0.53	- 3.53	+ 3.00	--	--	--	--
21. East Timor	+	2,643	-	32,148	+	38,903	+0.73	-11.06	+10.36	--	- 1	+ 1	--
22. South Sulawesi	-	6,415	+	37,877	+	58,130	-1.16	- 0.31	+ 1.47	--	--	--	--
23. Central Sulawesi	+	7,859	+	96,920	+	38,107	-0.99	- 2.35	+ 3.34	--	--	--	--
24. North Sulawesi	-	4,347	+	167,770	+	15,281	-0.93	+ 0.74	+ 0.19	--	+ 1	--	+ 1
25. Southeast Sulawesi	+	1,108	+	84,749	+	21,774	-0.13	- 2.80	+ 2.93	--	--	--	--
26. Maluku	+	41,412	+	23,838	+	52,063	+2.74	- 7.62	+ 4.48	--	+ 1	--	+ 1
27. Irian Jaya	-	613	+	24,871	+	65,573	-0.37	- 6.34	+ 6.71	--	--	--	--
Total	+	2,923,219	+	3,815,651	+	5,240,848	+1.03	- 5.07	+ 4.03	+ 1	-17	+16	--

Table 3

DISTRIBUTION OF VALID VOTES AND DPR SEATS IN JAVA AND THE OUTER ISLANDS
IN THE GENERAL ELECTIONS DURING THE NEW ORDER GOVERNMENT

	Java					Outer Islands				
	1971*	1977**	1982**	1987**	1992***	1971*	1977**	1982**	1987**	1992***
PPP										
Valid Votes	10,768,420	13,116,358	14,665,680	9,446,812	12,619,350	4,065,522	5,627,138	6,206,200	4,254,616	4,005,297
% of Valid Votes	30.23%	31.85%	31.68%	17.85%	21.11%	21.31%	24.65%	22.09%	12.93%	10.54%
DPR Seats	56	56	54	35	42	38	43	40	26	20
Golkar										
Valid Votes	21,292,859	23,921,672	27,750,349	36,420,907	36,649,818	13,055,815	15,828,424	20,584,380	26,362,773	29,949,513
% of Valid Votes	59.34%	58.09%	59.01%	68.82%	61.29%	69.38%	69.35%	73.26%	80.15%	78.82%
DPR Seats	107	104	105	143	123	129	128	141	156	159
PDI										
Valid Votes	3,556,961	4,138,514	4,612,762	7,050,167	10,523,652	1,959,933	11,366,263	1,306,940	2,274,541	4,041,904
% of Valid Votes	9.91%	10.05%	9.81%	13.32%	17.60%	10.41%	5.98%	4.65%	6.91%	10.63%
DPR Seats	18	19	18	27	35	12	10	6	13	21
Total Valid Votes	35,618,539	41,176,539	47,028,786	52,917,886	59,792,820	19,081,270	22,821,805	28,097,520	32,891,937	37,996,714
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Seats	181	179	177	205	200	179	181	187	195	200

*See, "Hasil-hasil Pemilihan Umum 1971 [The Result of the 1971 General Election]," in *Pemilihan Umum 1971* (Jakarta: Lembaga Pendidikan dan Konsultasi Pers IPML, 1971), 145.

**M Sudibjo, "Pemilihan Umum 1987" [The 1987 General Election], *Analisa XVI*, no. 7 (July 1987): 645, 654-655.

***Data from LPU/PPI, processed by the writer.

Table 4

PARTICIPATION IN THE GENERAL ELECTIONS DURING THE NEW ORDER GOVERNMENT

	1971**	1977*	1982**	1987**	1992***
1. Total Population of the Indonesian Citizens	114,190,218	129,842,846	146,531,733	162,921,887	177,477,592
2. Registered Votes	58,179,245	70,662,155	82,133,639	93,965,955	107,565,697
3. Total Valid Votes	54,699,549	63,998,344	75,126,306	85,809,816	97,789,534
4. Percentage of Total Registered Votes	50.95%	54.42%	56.05%	57.68%	60.61%
5. Percentage of Total Population Casting Valid Votes	47.90%	49.29%	51.27%	52.67%	55.10%
6. Percentage of Registered Voters Casting Valid Votes	94.02%	90.57%	91.47%	91.32%	90.91%

*See Harry Tjan Silalahi, "The 1977 General Election: The Results and the Role of Traditional Authority Relations in Modern Indonesian Society," *Indonesian Quarterly* V, no. 3 (July 1977): 6.

**See M. Sudibjo, "Pemilihan Umum 1987."

***Data from LPU/PPI, processed by the writer.

stellation. The composition of MPR members, which totals 1,000, will be as follows: (1) 100 appointed delegates from the professional groups; (2) 149 delegates from the first level regions; (3) the DPR members consisting of: 282 members of the Golkar Faction, 100 appointed members of the ABRI faction, sixty-two members of PPP, and fifty-six members of PDI; (4) and the remaining 251 memberships of MPR comprise: 142 for Golkar, fifty for ABRI, thirty-one for PPP, and twenty-eight for PDI.⁴ Therefore, the MPR's composition

will be 250 appointed (150 ABRI faction and 100 delegates from the profesional region) and 750 elected members (424 for Golkar, 149 delegates from the first level regions, ninety-three for PPP, and eighty-four for PDI).

Participation in the General Elections

Participation in the 1992 General Election turned out to be quite high. More than ninety per cent of the voters went to the polls, as in the case of the previous general elections since the new order government (1971, 1977, 1982, and 1987). The high rate of participation is attributable, in part to the attitude of most Indonesian people, who regard voting as a moral obligation. An insignificant change did occur, but was not ob-

⁴Based on the Act No. 2 of 1985, the membership of the MPR is 1,000. As the result of the 1992 General Election, the additional memberships of MPR is 251. It is distributed to the three OPPs and ABRI faction, that is proportionate to their respective member in the DPR. Therefore, the above additional memberships comprise: (a) Golkar: $282/500 \times 251 = 142$; (b) ABRI Faction: $100/500 \times 251 = 50$; (c) PPP: $61/500 \times 251 = 31$; and (d) PDI: $56/500 \times 251 = 28$.

vious. The percentage of valid ballots compared to the 1987 General Election has decreased, though relatively small, only 0,41 per cent.

In addition to the obligation to vote, a paternalistic pattern that encourage voting still prevails in Indonesian society. This pattern is generally seen in connection with forms of traditional authority,⁵ which persist, particularly among Indonesia's rural population. There, power and the authority for overall supervision of the society rest in the hands of designed leader and there exists a vertical paternalistic relationship between a leader and the followers. This relationship is described by James C. Scott as a "patron-client relationship".⁶ Within Indonesian society, this relationship is expressed by the terms "father" (*bapak*) and the clients, who are referred to as the children (*anak buah*). It is possible to identify at least three broad categories of patrons who are capable of bringing their influence to bear on conduct of general elections: formal, traditional, and religious leaders. In the context of Indonesian electoral behaviour, this particular type of patron-client relationship is also an influential factor in determining the choice of one of the three OPPs by members of the electorate.

Another factor which should be taken into account is that the role of the government, in giving political guidance to the people,

⁵For a discussion of the meaning which is intended here see, Karl D. Jackson and Johannes Moeliono, "The Dar'ul Islam in West Java," in R. William Liddle, ed., *Political Participation in Modern Indonesia* (New Haven: Yale University Southeast Asia Studies, Monograph Series No. 19, 1973), 15-16.

⁶James C. Scott, "Patron-Client Politics and Political Change in Southeast Asia," *American Political Science Review* (March, 1972): 92.

such as through the Decree of MPR No. II/MPR/1978, concerning: The Guide to the Living and the Practice of Pancasila (A Single Vow in Fulfillment of the Five-Fold Aspiration) -- which is "... intended as a directive and rule of conduct in the social and political life of every Indonesian citizen..." (Article 4) -- is quite striking so that the people have become increasingly aware of their rights and duties to take part in political life.

Conclusion

The General Election of June 9, 1992 is now over and the DPR members chosen in that election will be installed in early October. From the OPP's point of view, the general election was held in a more peaceful and secure manner than the previous general elections, especially those held in 1977 and 1982. Social upheavals, which often coloured the previously held elections diminished in their intensity, if they occurred at all. This situation can be attributed to ABRI's firm and correct stance in carrying out its duties. ABRI has carried out its task justly, and it brought about the peaceful atmosphere during the general election. Consequently its prestige has risen in the eyes of the society at large. Hence, ABRI is expected to function not only as catalyst and stabiliser, but will develop into a dynamic and democratising force in the future.

As stated earlier, when the 1992 General Election results at the national level are compared with those of 1987, they may reflect some changes. However, the major victor in both of those elections, Golkar, experienced a loss of seventeen seats in the DPR. But, if it is compared with the previous general elec-

tions, especially with those of 1971 (the First General Election during the new order government), it really indicates only a little change and no significant changes are observed. The number of DPR seats obtained by Golkar since the new order government (236 in 1971, 232 in 1977, 246 in 1982, 299 in 1987, and 282 in 1992) continue to make it the major victor. If the 1971 General Election is taken as a standard of measurement for the results of the recent contest, it can be seen that Golkar continues to increase its support strength, and still could have gained a majority, even if PPP and PDI had combined their seats.

Although Pancasila has been accepted by the socio-political organisations as the sole principle in social, national, and state life, religious issues and traditional patterns, which could arouse the emotions of the masses in campaigns were still noticeable. It seems that some of the old practices of political life, such as the patron-client relationship, still occurred frequently both among certain leadership of the OPPs or among society.

For example, PDI was still using the image of Bung Karno and presented figures that linked the party with Bung Karno, such as Megawati, Bung Karno's daughter, and her brother, Guruh (an artist), Soekarno's son-in-law, Taufik Kemas. This manoeuvre has been used to elicit the sympathy from the young people in some big cities, especially in Java, who seem to be dissatisfied young people in search of an idol, and who are not completely satisfied with the present situation and conditions. Consequently PDI succeeded in increasing its number of votes in ten regions, especially in East Java (increasing its DPR seats from five to ten DPR seats) and Central Java (from eight to twelve).

Another factor which also helped the PDI obtain the additional votes was Soerjadi, the leader of PDI central board who had been appointed by the 1986 PDI Congress. The number of seats obtained by PDI decreased from thirty seats in 1971 to twenty-nine seats in 1977 and twenty-four seats in 1982, but after the presentation of Soerjadi, PDI increased the DPR seats from twenty-four to forty in 1987 and further, to fifty-six in 1992. Even so, PDI lost one DPR seat in Jakarta, though the campaign was able to draw large crowds. It might be assumed that many of these supporters returned to their hometowns to vote, because most of them are from the "lower classes" who do not have permanent residence in Jakarta.

Some people believed that PPP also appealed to its mass supporters through religious issues rather than through programmes based on the principle of Pancasila. It seems obvious that in some regions, PPP gained seven additional DPR seats in Java, because the OPP had put forward some popular intellectual Moslems. PPP has never been able to obtain DPR seats in Bali, East Nusatenggara, North Sulawesi, South-east Sulawesi, Irian Jaya and East Timor, because there are not many Islamic-oriented supporters there.

However, since the 1971 General Election, PPP has oscillated in the number of its DPR seats, as follows: from ninety-four in 1971 to ninety-nine in 1977, ninety-four again in 1982, and sixty-one in 1987. But, after H.J. Naro (the former chairman of PPP) has been succeeded by the new chairman, Ismail Hassan Matereum, PPP could increase its DPR seats from sixty-one to sixty-two in 1992.

By contrast, Golkar, in its attempt to be

consistent in offering the development programmes, lost twenty DPR seats in Java but added three seats in the outer islands.

Seemingly this was a natural phenomenon, since traditional practices of political culture, which certain circles strongly adhered to, need quite a long time to change. This phenomenon may reflect the declining power of traditional patron-client politics. It would be difficult to change in a short time old patterns which are entrenched for such a long time in society.

But it does not mean that Indonesian

voting behaviour is a static phenomenon. After PPP and PDI succeeded their leaders (Soerjadi of PDI in 1986, and Ismail Hassan Metareum of PPP in 1989), it seems that both parties were able to ease their internal conflicts, succeeded in making several attempts of consolidation, and preparing intensively to face the 1992 General Election. As mentioned above, in this election they could gain the additional votes in many regions, especially in Java. Who knows, that in the next election, which is expected to be held in 1997, the two parties will be greater and gain more additional seats in the DPR, though Golkar is still the major victor.

Towards A Sustainable Future of ASEAN*

Emil Salim

I

RAPID economic development is taking place in most member countries of ASEAN. However, in combination with this economic development environmental degradation is occurring. Such a phenomenon is experienced not only in ASEAN, but is also taking place practically all over the world.

The difference, however, is that the member states of ASEAN are latecomers in the process of development and can therefore learn from the mistakes made by the earlycomers. It is therefore important to raise the proper question of how do ASEAN member countries merge environment with economic development? How do they for-

mulate economic development policies with environmental considerations?

The need to merge environment with economic development is based on the observation that the current prevailing growth strategy in the industrialised countries has its impact on the degradation of the global environment. Gross World Product has increased by a factor of 15 in 1990 as compared with that of 1990. Such a growth has been made possible by the use of fossil fuel as the main source of energy. This source of energy opens the way for rapid industrialisation. And industrial growth has fuelled the economy with further growth in consumption. Increases in consumption raise the demand for finished goods, which increases the demand for raw material, and raises the pressure on resource exploitation and resource depletion. Consumption and resource exploitation have created consumers' and producers' waste products that are dumped on the land and in the rivers, sea and air.

*Adapted from the Minister's keynote speech of the 16th Conference of the Federation of ASEAN Economic Association on "Economic Development and the Environment in ASEAN Countries," hosted by the Economic Society of Thailand, in Bangkok, Thailand, 28 November 1991.

The earth is currently suffering from global warming. Based on the judgement of the Intergovernmental Panel on Climate Change (IPCC), as reported in 1990, global mean temperatures will increase by 0.2 C - 0.4 C per decade over the next century if emissions of CO₂, SO_x, NO_x, CFC, methane and other "greenhouse gases" continue to grow and the world follows "the Business-as-Usual" scenario. The sea level is also rising. Global warming could well cause sea levels to rise by 6 cm per decade or 65 cm before the end of the next century. This is an average figure, with a range between 30 cm to 1 metre, and will have a devastating impact on low-lying coastal areas. The earth is also suffering from depletion of the ozone layer, due to the release of chlorofluoro carbons into the air, and acid rain that is pouring down as the result of air pollution and killing fish in the lakes and rivers, and trees on land. On the other hand, climate-change raises the intensity and frequency of droughts, dry spells, floods and frosts. This will affect agriculture, human settlements, exports, employment, etc.

Global warming, sea level rise, depletion of the ozone layer, acid rain and climate-change are the current major global environmental issues affecting all countries, developed and developing countries alike. If we look to the causes that give rise to the these environmental issues, they can be traced to the emission of greenhouse gases by industry, transportation, and energy use. These three features are inherent in the conventional type of economic development experienced by industrialised countries.

It is a process of economic development that ignores sustainability, both environmental and social. Because of such ignorance, the globe is now suffering environ-

mental threats. Under these circumstances the crucial question facing the world today is: what type of development should the developing countries follow? Should it be the "business-as-usual" type of development with the risk that it will degrade the environment further or, if not other type of development should the developing countries follow, more specifically the ASEAN countries?

II

The need for economic development is widely recognised in ASEAN. Twenty years ago the economies of the ASEAN countries were commonly known as development economies. Singapore, however, has proven to be one of the ASEAN countries able to join the three economic "tigers" of East Asia, namely South Korea, Taiwan, and Hong Kong, in moving upwards and breaking the benchmark of 10,000 GNP per capita in 1989.

If the eighties are considered "the lost decade" in the history of economic development for most developing countries, that may not be the case for most of the ASEAN economies. Especially during 1987-1989, all ASEAN economies have grown rapidly, with Thailand at the top with 9.2 per cent real growth rate, followed by Singapore with 9.0 per cent, Malaysia with 6.8 per cent, Indonesia with 4.6 per cent and the Philippines with 3.8 per cent. No comparable figures are yet available for Brunei Darussalam. Such a favourable growth rate is quite an achievement if one realises that these are GNPs in real terms calculated on a per capita basis, and that this has taken place in a period of reduced commodity prices and sluggish world economic growth.

The economies of ASEAN countries grew on average almost two times faster than the Organization for Economic Cooperation and Development (OECD) economies during 1987-1989. What are the main features of ASEAN countries' economic development?

First, practically all of them are outward looking, and follow an export-led economic development strategy. This means that the economies are open to the world economies and must therefore become highly competitive. During 1987-1990 the share of ASEAN countries' exports in percentage of World Export has increased by 22 per cent. But imports in the meantime have also increased at an even faster rate of 42 per cent. This explains why most ASEAN countries, except Singapore, face a current account deficit in their balance of payment. Foreign trade becomes the major engine for the development of the ASEAN economies.

Second, an outward-looking development policy requires the strengthening of the country's competitive position. All over the world, especially in Eastern Europe and the Soviet Union, it has been proven that the country's competitive position can be enhanced by making the economy more reliable on the free market mechanism. It is in this regard that deregulation and debureaucratisation of the economies become important. This does not mean that the state does not intervene in economic development. The government's role is to provide economic infrastructure and an economic climate to make the market economy operative and competitive. Planning through the market and planning to make the market work are important rules for the governments of ASEAN to follow in order to guide development.

Third, structural changes are taking place in all ASEAN economies. If initially the agricultural sector played a dominant role in ASEAN and contributed significantly to the nation's Gross National Product, in the nineties this is no longer the case.

The industrial sector has enhanced its role in exports, as well as in Gross National Products. Industrialisation is spurred by foreign investment. This requires a political climate that is conducive to economic development. High political stability and predictability go hand in hand with high rate of industrialisation. The rate of industrialisation in most ASEAN countries is now constrained by the availability of sufficient infrastructural facilities, such as electricity, roads, harbour, telecommunication facilities and so on.

The growth rate of ASEAN's labour productivity is another factor that may constrain the rate of industrialisation. Up to now this growth rate has exceeded the growth rate of labour cost. But, as development raises the standard of living and labour costs grow faster than productivity, this will affect industrial growth.

Another sector that is emerging strongly is the service sector, such as banking, insurance, consulting, trade, tourism, etc. This sector is also moving rapidly and is backed up by the increase in skill and human resource development.

Fourth, non-material development, such as the increase in life expectancy, the reduction in mortality rate, the drop in illiteracy rate, the increase in school enrolment ratio, and the like. The people's overall quality of life has been improved. The population of ASEAN is now better off compared to twenty years ago. A well trained and educated po-

pulation proves to be an important prerequisite for enhancing development. Therefore education, training, and skill development become increasingly strategic for spurring further growth in ASEAN. Development of science and technology in ASEAN become a crucial factor in raising the member countries' competitive position.

An interesting phenomenon is taking place in non-material development, namely the revival of religion. As a consequence of rapid material growth, a hunger for spiritual development is taking place. The search is for balanced growth in material and spiritual development. Such a trend may well put a special brand on the ASEAN style of development.

Fifth, the issues of income distribution. ASEAN's style of development, with its emphasis on competition, market economy, industrialisation, and productivity, has created a new class in ASEAN societies whose major professions are in the industrial and service sectors. These professionals live in the urban cities and receive proportionally higher incomes than those in rural areas. While the income of the average individual has tended to increase, the income of the strong, skilled and professionals in the urban cities have tended to grow faster. On the one hand, this may provide ASEAN economies with a dynamic element for rapid growth but on the other hand, it increases income disparities of the people within the urban cities and between the urban cities and the rural areas, which may become a social and political destabilising factor.

These then are in brief the five major features of ASEAN economic development. If this trend of development continues, then most of ASEAN economies may well become the future "tigers" in the early 2000s.

III

While such development may give rise to a feeling of satisfaction, a matter of concern however is emerging. ASEAN countries have been successful in making something of the "lost decade". But, simultaneously ASEAN countries have also degraded the environment of their respective countries, with the exception perhaps of Singapore.

The outward-looking export-led development strategy was initially based on optimising ASEAN's comparative advantages in its resource base, such as forestry products, commercial agricultural commodities, and mining products. Such growth has an impact on the depletion of resource stock, which is occurring at an alarming rate, as is the case with forestry, where erosion, flooding or forest fires have occurred in Thailand, Philippines, Malaysia, and Indonesia.

Dependence on the market mechanism has created a condition in which environmental issues have been ignored. Environmental issues are, in many cases, non-tradable and have no utilities that are revealed in the market. In this regard, pollution of the air, water and land by industries is considered external diseconomy which in many cases is not sufficiently internalised by the enterprises. Therefore, many ASEAN countries are suffering from river, lake, sea, land and air pollution, which exceed the limits that are tolerable for healthy human life.

Stringent anti-pollution measures in industrialised countries make it costly to operate them continuously and it becomes attractive to locate industry in the developing countries which have less stringent anti-pollution measures. However, this will increase the potential for environmental degra-

dation. Industries whose activities are producing significant amounts of hazardous wastes are currently invading the ASEAN countries. The rapid growth of ASEAN cities, which is not accompanied by supporting infrastructures such as roads, transportation facilities, sewerage systems, clean drinking water, public toilets, etc., has serious impacts on traffic jams, air pollution, surface and ground water pollution, and the emerging urban slums.

All these environmental considerations are put squarely in the mainstream of economic policy; until they are understood and implemented by policy makers in the Ministry of Planning, Finance, Trade and other sectoral development ministries, such as Industry, Agriculture, Mining etc.; until environmental concerns move up and become the responsibility of Chief Executive Officers (CEOs) and Boards of Directors of the banks and private companies; until environmental regulations are strictly enforced; until all of these are fulfilled, then only can ASEAN embark on the road to environmentally sound sustainable development.

IV

In order to make this possible, two courses of action need to be undertaken: the first course of action refers to what each ASEAN country needs to do; and the second course of action refers to what ASEAN jointly can do to improve the ASEAN external economic climate.

First Course of Action

The first course of action includes the following activities:

First, to improve national resource management with environmental considerations. Resources divided into two categories: exploitable and non-exploitable. The exploitable resources consist of renewable and non-renewable resources. In their exploitation the following rules of resource management should be taken into account: (1) renewable resources, like soil, forests, water, etc., should be managed on a sustained yield basis. These resources should be exploited up to the point where resource renewability is still feasible; (2) non-renewable resources, like mining resources, should be managed on a durable basis taking into account the so-called 5-R principles: reducing the non-renewable resource content in the product, reducing energy content in a product through increased energy efficiency; reusing the resource as much as possible through a closed-circuit process of production; reconditioning the resource; repairing the resource product in order to increase its lifetime; and recycling the resources.

The non-exploitable resources are managed to assure their continued function in the ecosystem. Non-exploitable resources are parts of the ecosystem. In order that their ecological functions are conserved, the following principles need to be maintained: (1) interdependency between various parts of the ecosystem; (2) diversity among the various parts of the ecosystem; (3) efficiency in the functioning of the ecosystem; (4) harmony among the various parts of the system; and (5) sustainability of the ecosystem. Meanwhile, national resource management is translated into a spatial plan on the national, provincial and district levels to serve as a framework for locating activities and managing the resources.

Second, environmental impact analysis

needs to be applied combined with environmental impact management and monitoring, as part of the proactive and preventive action. Further, degraded environments should be rehabilitated. Implementation of the Clean-Up River Programmes in Singapore and Indonesia is an example of such an environmental rehabilitation programme.

Third, each ASEAN member country has to create an environmental constituency that embraces Central and provincial governments bureaucrats, business people, university staffs and Non-Governmental Organisations, youth, women, religious leaders, and professionals, etc. It has to merge environmental considerations into economic development policies following these steps:

- (1) Long-run considerations should be put back into economic policy formulation. Keynesian economics emphasises short-term problems, whereas environmental issues are basically long-term issues, and are therefore not explicitly considered in Keynesian economics. In devising sustainable development policies this needs to be corrected.
- (2) Since environmental issues, such as pollution, are externalities and are therefore not usually incorporated in cost calculations, this situation should be corrected by internalising these externalities.
- (3) Since the environment is composed of common goods, such as rivers, lakes, wetland areas, coastal areas, sea and air, in order to avoid the occurrence of "the tragedy of the common", market imperfections should be corrected through the application of spatial planning, incentives and disincentives.
- (4) National income statistics have to be improved by including the amount of resource depletion, such as forestry, fishery and soil resources. By explicitly taking into account resource depletion, exploitation of these resources beyond their level of sustainability can be prevented.
- (5) Concepts for corporations should be developed in sustainable management such as: (a) responsibility and accountability of the stake holders of the company, instead of the share holders. The state holders' concept includes share holders, creditors, distributors, customers, the community close to the company, etc., who all have a stake in the company's existence; (b) environmental balance sheet reporting the extent of resource distribution into product and waste. By identifying source points of waste, waste and hence resource utilisation can be reduced, which in turn, will reduce costs; (c) identification of process and technology of production to minimise its negative impacts on the environment; (d) training and education in environmental issues for different layers of the company, including the top management; and (e) developing programmes that enhance corporate ethics and corporate culture in environmentally sound sustainable management.

These then, are examples of courses of action on a national scale, rather than a complete set of actions.

Second Course of Action

The second course of action includes activities that are relevant to making the external climate for ASEAN conducive for sus-

tainable development, which are as follows:

First, to improve trade to transfer resources through improved value added. Cooperation among ASEAN member countries and with other foreign countries is aimed at a structure of duties that raises value added and changes the economics structure from an agricultural economy into a balanced economy. In this context, a zero per cent import duty on logs and a 15 per cent import duty on processed logs (such as furniture) require adjustments to allow improved value added leading higher earnings with less material.

Second, to increase investment in projects and programmes to support sustainable development. Green products and green labelling need to be enhanced in this regard. Processed products and technologies, such as energy-saving, less waste-creating processes, and resource efficiency, need to be encouraged.

Third, by technology transfer, to allow sustainable use of resources, among others, energy efficiency. A mechanism to subsidise patent right by developed countries needs to be devised to allow transfer of technology to the developing countries. If "breeder's right", i.e. compensation to the breeder or innovator of a product is already accepted then "farmer's right", i.e. compensation to the farmer for conserving the genes, species or habitat without the breeders cannot advanced their invention, also needs to be assured.

Fourth, to extend the mechanism of financial aid by expanding General Environmental Facilities of the World Bank, United Nations Development Programme (UNDP)

and United Nations Environment Programme (UNEP) and creating Regional Environmental Facility by the Asian Development Bank, UNEP and the Regional Office of UNEP, with an adjustment in the institutional arrangement to allow greater transparency and larger involvement of developing countries.

Fifth, through institutional and capability development in the developing countries, to enhance sustainable development to be assisted by the industrialised countries.

These then are examples for international cooperation in sustainable development. These courses of action are relevant not only for ASEAN, but for other countries as well. As such the elaboration of these courses of actions may become a significant contribution to the United Nations Conference on Environment and Development, being held in June 1992 in Brazil. In recognising its significance, it is important that ASEAN economists take an active part in discussing these courses of action and concepts of sustainable development.

The economists have been influential in shaping economic development policies. Times have changed: there is a need now to improve the continental type of development into sustainable development. Economists are expected to be at the forefront of developing new concepts of development, which incorporate environmental considerations in order that ASEAN can avoid the mistakes made by the industrialised countries in degrading the environment. With such an involvement of ASEAN economists it can be expected that the ASEAN economies will follow the course of environmentally-sound sustainable development.

The ASEAN Summit Conference and Its Significance to Indonesia's Economy*

J. Soedradjad Djiwandono

Introduction

TO understand the importance of the ASEAN Summit Meeting to Indonesia's Economy, one should refer to the realisation of its development: How does Indonesia face the development of the world economy in which its economic development increasingly rests upon exports as its engine? For Indonesia the development of the world economy appears to be both challenge and opportunity. Hence the Fourth ASEAN Summit Meeting held in Singapore on 27-28 January 1992, has to be highlighted in this context.

This article discusses the results of the Fourth ASEAN Summit Meeting, especially the agreement on the establishment of the ASEAN Free Trade Area (AFTA) through the Common Effective Preferential Tariff (CEPT), the form of this agreement and its significance to Indonesia.

*Adapted from a lecture for officials and employees of the Department of Trade, Jakarta, 22 February 1992.

Development of the World Economy: Challenges to Indonesia's National Economy

At present Indonesia has entered the fourth year of the Fifth Repelita (Five-year Development Plan). The Fifth Repelita is the last phase of a series of repelitas which constitutes the first long-term development programme. This stage is the period of reinforcing the basic foundation of development which has been arranged in the previous periods. That foundation is needed by the Indonesian people to make a sustainable development possible, to cope with sudden fluctuation, both internal and external, and to increasingly rely on the country's own sources, its human and natural resources. It is a process known as the take-off stage.

The development of Indonesia's trade sector, which is an integral part of the Fifth Repelita, also includes the enhancement of the basic foundation of trade. At the same time, the national development has been focused on exports as its engine of growth.

In other words, it is increasingly orientated towards exports.

In the completion of the preparation and enhancement of the basic foundation of the country's development by relying on exports as its engine, it has to face the world economy as the environment of its national economy, which is not conducive enough for a successful performance. The ability to increase exports is very much influenced by the development of economy and trade, the system of international relations, and the relationship of the world economy in general. Besides, the internal factors of Indonesia's national economy which are related to its competitive power also determine the increase of exports.

Various fundamental and rapid changes, which have currently occurred, have hit the social, political and economic life throughout the world. Those changes were partly structural or fundamental, others were conjunctural or seasonal in nature. All these facts have formed an environment that involves Indonesia's national economy. Such fundamental and rapid changes have also given rise to uncertainties in trade, monetary and other economic relations among nations. Those uncertainties have become a grave challenge to Indonesia.

Such a situation has forced many countries in the world, including Indonesia, to adjust themselves to those changes, through deregulation and debureaucratisation efforts. According to the report of the General Agreement on Tariffs and Trade (GATT) Secretariat, during the last two years more than fifty countries in the world have taken deregulatory measures to increase the efficiency and the competitive power of their respective national economies.

As competition grows, a tendency arises in many countries to protect their national interests in an excessive way. Protectionism has been adopted in various forms, such as in the form of trade-blocs, making agreements to carry out "managed training" by Voluntary Export Restraint (VER) to protect national interest, fixing quotas, and launching allegations of dumping. If such methods do not suffice, big powers, such as the United States and the European countries also introduce unilateral measures by applying trade laws which are very protectionist in nature.

The various adjustments and protection of the national economies made by nations all over the world, have exacerbated competition between the world's economies. Apart from the uncertainties, sharper competitions among national economies have also become underlying factors that have affected trade, economic, and financial relations among them. This situation coincides with the momentum when Indonesia began to orientate itself towards exports to energise its national development. This is a weighty challenge that calls for a proper strategy.

Indonesia as well as the group in which Indonesia is a member have been fully aware of the current situation in which the political economic and social changes have caused uncertainties and increased competitions. In this respect Indonesia acknowledges the importance of enhancing the regional cooperation as an effort to increase regional resilience, which is one of the bases of the ASEAN cooperation.

At a time when the world witnessed such rapid changes, the ASEAN countries agreed to promote cooperation among themselves. In fact the desire to enhance the cooperation

has long been in existence, for instance, at the time of the oil slump or when the prices of commodities, such as coffee and rubber soared. However, it seems that the ASEAN member states did not pay much attention then, or it was perhaps not the right momentum to discuss a more tangible cooperation to increase trade and other economic activities regionally. Today when the world is prone to the danger of being fragmented particularly by the emergence of economic blocs, it is very timely that a closer cooperation be realised. Therefore the Fourth ASEAN Summit Meeting in Singapore, on 27-28 February 1992, which reached an agreement on the determination to draw up concrete plans of the ASEAN Free Trade Area (AFTA) by devising the Common Effective Preferential Tariff (CEPT) and the economic and other cooperations, was a very important step for the national economy of the individual member states. All preparations for its implementation have to be made. To this end the steps to be taken should encompass thorough and comprehensive understanding of the significance and the implications of the agreements for the national economy.

Connection with the National Economy

In its efforts to increase its exports Indonesia has played an active role in various international fora, such as in the ASEAN Summit Meeting, and in other international cooperations and meetings.

Since the 1980s Indonesia has prepared itself to make adjustments through various government policies either in macro, sectoral or micro terms, which were intended to

create a sound business climate and strong competitive power. In macro terms prudent macro economic management has been striven for, in the fiscal domain (by a balanced and dynamic budget), and in the monetary field (to curb inflation and to process a realistic rate of the rupiah). In various real sectors, such as industry, trade, agriculture, transportation, and health, deregulatory and debureaucratic measures were taken. In micro terms, steps were taken to increase the capability of the apparatus, such as improving their skills through training, and implementation of inbuilt control in order for the government apparatus to improve their competence and service.

The government's diverse efforts in implementing these policies have created a climate conducive to business (namely private, cooperatives and BUMN = State owned businesses), and have increased their activities. These efforts seem to be accepted so positively by the business circles that a synergy between the business power and the government has surfaced, bringing about encouraging results. Among others is that the national economy has become more varied and competitive. Indonesia has become increasingly capable of producing goods and services of various types and of high quality so as to become more competitive in the international markets.

Due to its increased competence in producing various goods and services, Indonesia needs more access to markets. The question on how to have access to markets is closely related to the function of the Department of Trade. Access to market is very greatly determined by various external factors, such as the growth rate of world economy, development of international trade, and system of the world trade. However, it is also deter-

mined by domestic factors, namely competitiveness of the national economy, its capability of utilising opportunities and of removing the existing constraints.

Indonesia has made various efforts to gain access to markets, either multilaterally, regionally, bilaterally or through various commodity agreements. It has great interest in doing its utmost in the multilateral trade negotiations, in the framework of GATT, such as in the Uruguay Round which is presently approaching its completion. Through the Uruguay Round it is expected that the international trade system in the framework of the GATT, will become more open, free and just to all nations.

However, if the efforts through multilateral trade negotiations fail to reach the expected agreement, attempts should be made to increase regional cooperation as in the case of the ASEAN member states. Besides, Indonesia will continue to develop bilateral trade relations with its trading partners and try to create new ones.

In other areas, Indonesia will also intensify its participation in various fora that are based on commodity agreements. However, the role of primary products is still so important for Indonesia as a source of foreign exchange earnings and work opportunities for millions of its people. Indonesia plays an active role in international agreements on commodities, such as coffee, rubber, coconuts, and pepper. Although Indonesia has not become a member of the cacao commodity agreement, it continues to keep up with its development. It is Indonesia's main interest to gain market access through those fora. Although rather different from the agreements or cooperations mentioned above, unconventional ways such as "counter trade"

were also attempted whenever possible, to gain access to markets.

Besides, efforts to penetrate markets through promotion, opening of various marketing centres abroad, and joint ventures were also made to obtain, maintain and increase the access to markets. In all these activities, the main actor is the business sector, whereas the government played the role of facilitator, providing support and guidance.

The ASEAN Summit and Its Formula

Indonesia has been actively participating in promoting regional cooperation, such as ASEAN, in order to obtain market access, given that the country is increasingly capable of manufacturing various marketable products.

The discussions in the Fourth ASEAN Summit in Singapore covered four main points namely cooperation in peace and security, ASEAN functional cooperation, restructuring of the ASEAN institutions, and cooperation in the field of economy.

Since the founding of ASEAN in 1967, issues on cooperation in politics and security have been the main points of discussion. In the Singapore Summit Meeting the issues that were notably raised during the discussion on cooperation were politics and security. The core of discussions, however, was how to improve this regional cooperation in the future. The desire of other countries to become ASEAN member states, such as Vietnam and Laos, were also discussed. It was agreed that if these two countries became members, they would join the Treaty of Amity and Cooperation in Southeast

Asia.

As for political and security problems an agreement was reached to step up cooperation through the existing mechanism, such as the Post Ministerial Conference (PMC) because such a conference always allows issues on world problems to be discussed with "dialogue partners", namely the European Community, the United States, Japan and the like. The Singapore Summit Meeting also focussed on the Asia-Pacific Economic Cooperation (APEC) and East Asia Economic Caucus (EAEC).

The functional cooperation of ASEAN has continuously been carried out through various activities covering the field of technology as well as education, environment, non-governmental organisations (NGOs), the involvement of women in the development of ASEAN countries, and ASEAN cooperation in the field of health which is directed at combating against AIDs.

In this regard the restructurisation of ASEAN institutions has increasingly called for more attention. With the increase of cooperation in various fields, mainly in economy, the need for an institution in charge of these duties has been increasingly felt. As far as the restructurisation of ASEAN institutions is concerned, an agreement was reached on the consolidation of the ASEAN Secretariat. The Secretary General of ASEAN is therefore required to be a real professional and accorded the ministerial status.

Various other institutions, such as those in the field of trade and tourism, the Committee on Trade and Tourism (COTT), of Agriculture (COFAF), of Industry (COIME), of Finances and Banking (COFAB), of Transportation (COTAC) will

be dissolved and will be tackled by the Senior Economic Official Meeting (SEOM), of which the members will be officials on a par with the rank of Director Generals. In addition, the Senior Official Meeting (SOM) and SEOM will jointly form a committee that will discuss interrelated problems.

With regard to the economic cooperation, there are two areas which have become the bases of the ASEAN Summit: (a) the Framework Agreement on Enhancing ASEAN Economic Cooperation; (b) the Agreement on the Common Effective Preferential Tariffs Scheme for the ASEAN Free Trade Area.

The Framework Agreement on Enhancing ASEAN Economic Cooperation constitutes the umbrella or the base of the whole existing economic cooperation and will be continued in the future. As for the existing cooperation, such as ASEAN Preferential Trading Arrangements (ASEAN PTA), ASEAN Industrial Projects, ASEAN Industrial Joint Venture (AIJV), some work well, others do not. Therefore, continuous evaluations should be made on the implementation of the existing cooperations.

The agreement on the CEPT scheme for the AFTA contains two important documents in connection with the ASEAN economic cooperation. *First*, the agreement on the CEPT is a new form of cooperation under the umbrella of the Framework Agreement on Enhancing ASEAN Economic Cooperation. As mentioned earlier, the Framework Agreement on Enhancing ASEAN Economic Cooperation acts as a protection for all existing cooperations and those that will be founded. *Second*, a special agreement that will become the basis of the facilities will be used to establish the ASEAN Free

Trade Area.

In other words, there are three important documents which should be understood in the framework of ASEAN economic cooperation: (1) the framework agreement on enhancing ASEAN economic cooperation; (2) the agreement on common preferential tariff (CEPT); and (3) the agreement underlying the establishment of the ASEAN Free Trade Area (AFTA).¹

In fact, in the Agreement on ASEAN PTA reached in 1977, which was later improved in 1987, has been given a margin of preference (MOP) or a preference, which is approximately 25-50 per cent better than the general tariff (MFN). The number of products mentioned in this scheme is markedly substantial. Yet all member nations of ASEAN realise that this method is not as yet able to increase the volume and value of trade between ASEAN countries, mainly because the products mentioned in the scheme precisely have very small transaction value.

There have been constraints in the implementation of ASEAN PTA. Among others is that, *first*, the products included in the cooperation scheme are commercially insignificant, or their commercial value is relatively small. Although there are more than 15,000 products, due to their relatively small commercial value, they are considered insignificant. *Second*, the administrative procedure is so complex that the available preference is not much used. The complexity of the administrative procedure has made the

business sector reluctant to use it. In utilising the GSP facility, Indonesian businessmen lag behind those of other ASEAN countries because of its complex administrative procedure. *Third*, there is a difference in the level of effective product tariffs, which is caused by the differing bases of tariffs. Although the margin of preference (MOP) is the same, it does not mean that the tariffs will effectively have the same rate. *Fourth*, ASEAN countries have different policy on the products which are imported according to the ASEAN PTA scheme. *Fifth*, there are still other non-tariff barriers in a number of ASEAN countries.

Based on the evaluation of the implementation of ASEAN PTA, the six ASEAN member countries arrived at a new agreement on the basis of the CEPT scheme for the AFTA within the next fifteen years. Hence, in fifteen years to come a free trade area among the ASEAN member countries will be created. This means that in the future any tariff or non-tariff barriers will not be imposed on trade among the ASEAN member states.

The provision on products to be included in the CEPT shall be on a sectoral basis at the Harmonised System (HS) six-digit level. Manufactured products, as agreed in the CEPT scheme, include processed agricultural products and capital goods.

As for ASEAN countries that are not as yet prepared to include certain products in the CEPT scheme, temporary provisions of exclusion are enforced. These exclusions could be made at the level of eight or nine digits HS. Although these provisions could be categorised as permanent exclusions, generally after a certain time frame (after a period of eight years) the products that have

¹To obtain a detailed understanding read these three documents, namely: (1) Framework Agreement on Enhancing ASEAN Economic Cooperation; (2) Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA); and (3) Singapore Declaration of 1992.

been excluded will be reviewed.

As far as the provisions of CEPT are concerned, products that have so far enjoyed facilities in the ASEAN PTA, after having been given the margin of tariff preference -- the effective tariffs of which have become 20 per cent or lower -- are automatically included in the CEPT scheme. The reduction of the effective tariffs will be carried out by stages, taking into effect as of January 1993. On a gradual basis, within fifteen years as of January 1993, trade barriers, either in the form of tariffs or non-tariffs will be abolished.

In its realisation, the reduction of effective tariffs will be as follows: for the first five to eight years all products with tariffs higher than 20 per cent should be reduced to 20 per cent. For example, the present tariff is still 30 per cent, and it will be reduced in a period of eight years, by way of dividing the difference between 30 per cent and 20 per cent (10 per cent) by eight years, which is a reduction of 25 per cent annually. If the reduction is fixed in a time frame of five years, it would mean an annual tariff reduction of 2 per cent. When a tariff of 20 per cent has been reached in the forthcoming five or eight years, then a new tariff reduction will be scheduled so as to reach 0.5 per cent. In its wide sense, there will be no more tariff nor non-tariff barriers, which means that the tariff should have reached 0 per cent. In order to reach this 0 per cent a tariff reduction by stages should be rescheduled, as explained earlier.

For the fifteen kinds of products which have been agreed upon, namely fertiliser, cement, pulp, textiles, gems and jewellery, wooden and rattan furniture, leather products, plastics, electronics, pharmaceuticals,

chemicals, rubber products, vegetable oils, ceramic and glass products, and copper cathodes, the reduction of tariffs will be accelerated. The rationale behind the tariff reduction of the products mentioned above is that many of the tariffs of these products are lower than 20 per cent, and that the member states of ASEAN did feel the urgency of taking these measures.

Products considered sensitive by the member states, according to the agreement, will be excluded from the CEPT scheme and no concessions are given to these products in the framework of CEPT such as tariff reduction, and exemption from Non-Tariff Barriers (NTB). During the eight years, the products that have been excluded are reviewed to decide whether they can be included in the CEPT scheme or will be permanently excluded. The implementation of the decision on these sensitive products is in compliance with article 1 (3) of the Framework Agreement, as stated that all ASEAN member states shall participate in the ASEAN economic cooperation, however if there are member states of ASEAN, which are not as yet ready for cooperation, then two or more of the member states of ASEAN may start this cooperation first. This principle is often called Formula 6-X.

In addition, CEPT applies to products that have an ASEAN content of 40 per cent. A product is considered to originate from a member state of ASEAN if the local content of its member states is at least 40 per cent. In the CEPT scheme the system of unrestricted foreign exchange is applied, that is without disregarding the rights of member states in accordance with the provisions of GATT and IMF, so that every member state of ASEAN is to make an exception for the restricted foreign exchange which are related

to the payment of goods included in the CEPT scheme, including their repatriation.

Measures that Should be Taken Immediately

From now on until the end of 1992 all ASEAN countries should make lists of the products they want to include in the CEPT scheme. The products with tariffs lower than 20 per cent will automatically enter the CEPT scheme. In January 1993 the member governments will have to announce how much time is needed to reduce tariffs to 5 per cent and henceforth to 0 per cent.

In Indonesia several preparatory steps have been taken by the agencies involved, namely the Departments of Trade, Industry and Agriculture. In addition to the lists of the products to be included into the CEPT scheme, it is necessary to review the list of goods, that will be exempted.

According to the recommendation of the Department of Industry of Indonesia, in order for the final products with reduced tariffs to become competitive, the tariffs on basic or subsidiary commodities, spare parts, machines, may not exceed that of the final products. As for sensitive products, such as cars, sugar and those produced by the group of small industries, such as spades, hoes, crowbars, will later be included in the list of exceptions.

Today the structure of customs tariffs in Indonesia is as follows: customs tariffs of 0-20 per cent are imposed on approximately 57.25 per cent of imported goods. Whereas those with 0 per cent customs tariff are only 8.78 per cent of its whole imports and with 5 per cent account for only 24.02 per cent of

the overall imports, those with tariffs of 10 per cent account for approximately 815 items, those with 15 per cent account for 509 items and those with 20 per cent account for 942 items. As for the remaining 41.59 per cent of Indonesia's overall imports, customs tariffs of 25-50% are imposed on those imported items. This latter group is so treated to protect the domestic industry of these products against the imported products from the People's Republic of China. Among the tariffs of the previous import duties there are still tariffs of 60 per cent (8 items), 100 per cent (52 items), 200 per cent (13 items). The total number covers 9298 items.²

Indonesian Trade Activities with Other Countries

The Indonesian trade with ASEAN countries has become increasingly important, though it does not come out as expected. At present Indonesia's non-oil and gas export to Japan constitutes 21 per cent, to the European Community (EC) 20 per cent, to the ASEAN countries 15 per cent (including 11 per cent to Singapore), to the Newly Industrialised Countries (NICs) -- South Korea, Taiwan and Hong Kong -- approximately 10 per cent, to the Near East 5 per cent, and to China 4 per cent. The remaining export is to the Eastern European countries, including the former Soviet Union, and Australia.³

²Report of the Department of Industry of the Republic of Indonesia, "Results of the Fourth ASEAN Summit Meeting, Singapore, 27-28 January 1992" (Mimeograph).

³Report of the Department of Trade of the Republic of Indonesia, *Monthly Report*, January 1992.

Viewed from the non-oil and gas trade balance with its trading partners, with some of them such as Japan and other ASEAN countries, Indonesia managed to gain a surplus. But with other partners, such as European countries and Australia, Indonesia experienced a deficit.

In the implementation of the CEPT scheme, in the first phase Indonesia proposed industries with highly competitive products. Highly competitive products as classified in the lists of CEPT are among others, industries that process forest products, and to a larger extent include those processing secondary forest products; industries that manufacture agricultural or horticultural products, cattle products, marine products, non-oil and gas products, processed oil and gas products, textile and chemical products; industries that use high technology such as those producing aeroplanes, electronics, reliable products, steel, non-ferrous products, chemicals, and biotechnology-based products; capital goods and certain engineering products; and small industrial products and handicrafts.

The industrial sector should always be reminded to be cautious and attentive to the rapid changes in the world that give rise to uncertainties and ever sharper competitions. Through hard work, with perseverance and professionalism, Indonesia should strive to gain access to new markets, maintain and develop the existing markets. In certain situations Indonesia should also be able to seize the opportunity to win markets. To this

end a great number of steps have to be taken, among others through multilateral, regional and bilateral trade negotiations, or even by increasing its own competitive power.

Indonesia's competitiveness should be enhanced not only in terms of export activities, but also in terms of each link of and the whole chain of activities that precede export activities from cultivation or engineering to the stage when the finished product arrives in the hands of the consumer. Basically the export activity is only one of a long series of activities preceding cultivation, engineering, processing of the product, packaging, delivering, collecting, and marketing. Each individual and the whole range of activities as a unity will determine the economic competitiveness of Indonesian products in the world market, therefore everything should be prepared to succeed in seizing, obtaining, maintaining and extending the access to markets.

Concluding Remarks

Indonesia's successful performance in holding negotiations in a regional forum, such as ASEAN, is only one aspect of so many activities which should be prepared well. Solid and professional preparations should be made in this case. Understanding the significance and implication of this ASEAN economic cooperation by all the parties concerned is an initial step that has to be taken.

Security Arrangements in Southeast Asia: A Challenge for ASEAN in the Post-Cold War Era

Rizal Sukma

THIS article discusses security arrangements in Southeast Asia in the post-Cold War era, especially after the fourth ASEAN Summit in Singapore early this year. Discussion about security arrangements becomes important due to the various changes that have taken place both in global and regional politics. Due to these changes, ASEAN can no longer expect to base its political and security policy on the old perspective of regional politics.

Several changes in international relations such as the United States-Russia¹ detente, shifts in patterns of alignment in regional politics, tactical changes in China's foreign policy, policy direction of Chinese Communist Party (CCP) in the post-Communism era, the end of the Cambodian conflict, and Japan's increased political role in the Asia-Pacific, need rethinking and strategic adjustments in ASEAN's approach toward re-

gional security and political issues. What kind of adjustments that ASEAN should take was one of the major topics that have openly been discussed for the first time at The Fourth ASEAN Summit.

However, two basic questions remain for ASEAN to answer. What kind of security arrangements may guarantee maximum stability in Southeast Asia? What role should ASEAN take to create security arrangements that are suitable for ASEAN interests? To cope with these two questions, ASEAN should prepare a more comprehensive strategic planning if it does not want to be left behind following the tremendous changes that have taken place in international stage during the last few years.

This article seeks answers for these questions on the basis of three major assumptions. *First*, the structure of regional politics in Southeast Asia can no longer be seen from the old power relationships at the global and regional level, which were based on a pro and anti-Soviet dichotomy. Developments in the region leading to the multipolar subsystem in the region tend to encourage re-

¹In this article, Russia is assumed as a successor of the Soviet Union. However, for the purpose of analysis, certain part of this article still uses the term "Soviet Union" to refer to Moscow as the former main adversary of the US.

gional powers to increase their role. *Second*, security arrangements in Southeast Asia cannot be made without considering the existence of external powers, especially China. *Third*, discussion about the security of Southeast Asia has to be conducted in terms of a broader Asia-Pacific security framework.

This article is divided into three parts. *First*, it covers regional political trends and major powers' interests in Asia-Pacific. *Second*, it identifies security challenges faced by Indonesia and ASEAN in the post-Cold War era, and Indonesia's and ASEAN's interests and objectives in the light of changes that have occurred. *Finally*, it discusses possible forms of security arrangements in Southeast Asia, and offers some policy notes for Indonesia and ASEAN.

Major Powers and Regional Political Trends

As a natural consequence of the US-Soviet detente, the structure of regional system in the Asia-Pacific has gradually been changing from bipolarity to multipolarity. The status and role of the US and Russia have been reduced. However, together with China and Japan these two powers are still assumed as major powers in the region. In other words, the structure of regional politics in the Asia-Pacific will eventually form a quadrilateral system, characterised by new forms of relationship that contain both potential complicated conflicts and cooperation.²

²See Rizal Sukma, "Pengaturan Keamanan di Asia Tenggara: Agenda Rumit KTT ASEAN IV [Security Arrangements in Southeast Asia: The Fourth ASEAN Summit's Complicated Agenda]," *Analisis CSIS* XX, no. 6 (November-Desember 1991): 491.

Though the final form of patterns of relationship that is likely to prevail in the future remains uncertain, security matters in Southeast Asia cannot be separated from the presence of the US, Russia, China, and Japan. For the four powers, Southeast Asia has strategic, economic, security, and political significance. However, the changes during the last three years have altered their interests in and approaches towards the region.

Approaches and Interests of the US

Over the last few years, especially after the reduction of the threat from the former Soviet Union, the US has tended to change its approach toward Asia. Even though the US continues to provide extended deterrence to Japan, South Korea, the Philippines, Australia, and Thailand (through Rusk-Thanat Agreement in 1962), Washington seems to expect the Asian countries to develop their own deterrent capability.³ The US expects the Asian countries to be capable of deterring any local military threats themselves, while the US will deal only with larger scale threats from potential enemies and secure air and sea lanes on the region.

Such an approach is reflected in the US plan to reduce its direct military presence in Asia. However, the plan will be conducted on the basis of gradual assessments. According to the Pentagon report of April 19, 1991 entitled *A Strategic Framework for the Asia-Pacific Rim: Looking Toward the Twenty-first Century*, at the first stage (1st-3rd) years) 125,000 US troops deployed in Asia will be reduced by 14,000-15,000

³Ibid.

(including 5,000 from South Korea and 7,000 from the Philippines and Japan). At the second stage (3rd-5th years), greater reduction in combat forces will be undertaken to ensure that potential adversaries do not misread US deterrent capability and intentions. In phase III (5th-10th years), the US will continue the reduction in phase II given existing circumstances.⁴

The US presence in the Philippines, for instance, is being reduced. The US has withdrawn its troops from Subic and Clark bases. Nevertheless, Washington continues to have important interests in the Asia-Pacific region. These interests are as follows:⁵ (1) to prevent Asia and Pacific from domination, both politically and militarily, by a certain state or group of states; (2) to maintain economic and political access of the United States to resources, markets, and sea lanes of communication in this region, to strengthen its economic competitiveness in the Pacific; and to maintain its position as the foremost economic actor; (3) to provide assistance in guarding the safety of America's Allies and friends in the region; and (4) to encourage the development of democratic institutions, free general elections, right of self determination, and political freedom throughout the Asia-Pacific region -- all to be based upon the principles of universal human rights, American poli-

tical tradition, and American interests for a more secured world.

The four goals will underlie US strategy in the Asia-Pacific region, including the Southeast Asian sub-region. The implication of Washington's tactical adjustments in Southeast Asia is among other things evident from its approach to the Indochinese problem. Washington's policy toward Indochina at present is more realistic than in the past, which was coloured by the trauma of its failure in Vietnam. Washington's revocation of its recognition of the Coalition Government of Democratic Cambodia (CGDK) headed by Norodom Sihanouk in Cambodia has prompted various breakthroughs and accelerated the solution of the conflict. Washington is beginning to show a flexible attitude toward Vietnam's wish to normalise its relations with the United States, although no concrete and significant steps have so far been taken to that direction.

The above analysis indicates that America's role as the principal actor in this region will not recede drastically in the near future. At least, although America's role will gradually decrease in line with the diminishing competition between Moscow and Washington and the reduction of Russian threat in Asia-Pacific, all states in this region will continue to include Washington in their strategic calculations.⁶

⁴Hideo Sato, "Maintaining Peace and Prosperity in East Asia After the Cold War and the US Economic Hegemony: An Inquiry into the Role of Japan," *Korean Journal of International Studies* XXII, no. 1 (Spring 1991): 17.

⁵James A. Winnefeld, *US National Security Strategy and Arms Control in the Pacific* (Santa Monica: RAND, September 1990), 4-5; see also, Mike Mochizuki, "Challenge of Success: US Policy in the Asia-Pacific," *Korean Journal of International Studies* XXI, no. 1 (Spring 1990): 37-39.

Approaches and Interests of Russia

Since Mikhail Gorbachev assumed power in Kremlin, Soviet foreign policy underwent significant changes. The policies conducted

⁶Jonathan D. Pollack and James A. Winnefeld, *US Strategic in a Changing Pacific* (Santa Monica: RAND, June 1990), 8.

by Moscow are no longer based on East-West ideological competition, but rather on cooperation in reducing tensions and settling regional and global conflicts that forced the Soviet Union to carry a quite heavy economic and financial burden. For the Asia-Pacific region, these changes stemmed from Gorbachev's speech in Vladivostok 1986, where he pointed out that the Soviet Union would establish a more peaceful relation in Asia and the Pacific regions. In other words, Russian foreign policy towards Asia-Pacific is moving towards constructive engagement.⁷

The new approach was among others evident in a number of efforts made by the former Soviet Union in restructuring its foreign relations during the last five years,⁸ namely: (1) discontinuing aid to Vietnam; (2) normalising ties with China; (3) enhancing cooperation with ASEAN states; and (4) its rapprochement to Japan and South Korea. The reduction of its troops and military forces in Asia and the Pacific, especially at the Cam Ranh Bay and Da Nang in Vietnam are the most important steps in this restructuring process.⁹

⁷See, Muthiah Alagappa, "Soviet Policy in South-east Asia: Towards Constructive Engagement," *Pacific Affairs* 63, no. 3: 321-350.

⁸For a profound discussion of changes in the foreign policy of the Soviet Union in Asia and the Pacific, i.a. see Edward A. Kolodziej, "The Multilateralisation of Regional Security in Southeast and Northeast Asia: The Role of the Soviet Union," *Pacific Focus* VI, no. 1 (Spring 1991): 5-38; Graeme Gill, "The Soviet Union and Southeast Asia: A New Beginning?," *Contemporary of Southeast Asia* X, no. 1 (June 1988): 69-81; and Vladimir I. Ivanov, "The Soviet Union and the Asia-Pacific Region in the 1990s: Evolution or Radical Changes?," *Korean Journal of Defence Analysis* 11, no. 2 (Winter 1990): 41-72.

⁹See e.g. Rizal Sukma, "Peranan Strategis RRC dan Pengaturan Keamanan di Asia Tenggara [China's Stra-

Although the domestic situation in the former Soviet Union has changed drastically, its goals in the Asia-Pacific region still revolved around five goals, which had been articulated in Vladivostok in 1986 and Krasnoyarsk in 1988.¹⁰ Those objectives may be described as follows: (1) to ensure friendly relations with its former allies and friend in Asia and the Pacific; (2) to ensure the national security of Russia with reduction of military effort; (3) to invite foreign financial resources, investment, technology and industrial expertise into Siberia and Soviet Far East in order to develop their economic potentials; (4) to improve relations and cooperation with all the Asia-Pacific states, in order to enhance the dynamism of bilateral and multilateral relationship; and (5) to encourage integration of Russia into regional economic system in Asia and the Pacific and contribute to the economic interdependence of the region.

Based on these interests, Russia's involvement in the Asia-Pacific affairs will still be maintained by Moscow. With strong security and strategic ties with the Asia-Pacific region since the Second World War, Russia will continue its attempt to strengthen its influence in this region through a transformation of its policy instruments from military to economic means. Therefore, the Russian factor, with or without a superpower status, will continue to be an important and

ategic Role and Security Arrangement in Southeast Asia], (Jakarta: CSIS, Mimeograph M47/91, Maret 1991): 6-7.

¹⁰See Gennady Chufrin, "The USSR and Asia-Pacific in 1990," *Asian Survey* XXXI, no. 1 (January 1991): 14-15. See also, Henry Trofimenko, "Long-Term Trends in the Asia-Pacific Region: A Soviet Evaluation," *Asian Survey* XXIX, no. 3 (March 1989): 249-250.

relevant factor for peace and stability in the Asia-Pacific in decades to come.

Changes in the Roles of China and Japan

Changes in the roles and interests of the United States and Russia have created a new strategic environment in the Asia-Pacific region. The involvement of the United States and Russia in regional conflicts has decreased and this has brought about a new strategic environment which calls upon the states in the region to re-assess their foreign policy strategies.

Unlike the United States and Russia whose roles are gradually dwindling, China and Japan apparently are inclined to increase their roles in the Asia-Pacific in the coming decade. Changes in the regional and global scene have driven China and Japan to make some tactical adjustments in their approaches toward the region.

Changes in the US-Russia relations have brought about new challenges and opportunities for China's foreign policy.¹¹ The direct impact of the US-Soviet detente on Beijing is the decline of China's strategic significance for the US and Russia (Washington-Beijing-Moscow strategic triangle). Hence, Beijing worries that the global changes would finally reduce its role and influence in the Asia-Pacific region. Therefore, it is understandable if China intends to maintain its presence in the Asia-Pacific region.¹²

¹¹Profound discussion of opportunities and challenges facing China, see Rizal Sukma, "Peranan Strategis RRC."

¹²Ibid., 14.

For such a purpose, the People's Republic of China (PRC) has carried out some significant changes in its approach to the Asia-Pacific: (1) paying more attention to its economic cooperation than to promoting ideological values outside its territory; (2) normalising relations with Russia; (3) establishing closer cooperation with ASEAN countries; (4) taking more flexible attitude with regard to the Cambodian conflict; (5) taking steps toward normalisation of relation with Vietnam; and (6) evincing a desire to cooperate in the settlement of the South China Sea conflict even though some Chinese measures in this conflict is still unclear.

Nevertheless, the rapid changes in the international situation around China make it difficult to foresee the future direction of Beijing's foreign policy. In addition to the global changes in Washington-Moscow relations, dramatic developments in the former Soviet Union have put more pressure on Chinese leaders. The downfall of the Communist Party of Soviet Union (CPSU) and the independence of former republics of the Soviet Union have raised concern among Chinese leaders about the existence and domination of the Chinese Communist Party (CCP) and China's national integration in the future. In such a situation, the PRC will be preoccupied with efforts to maintain national integrity and to be more sensitive to the problems of its sovereignty.¹³

Although the final form of China's policy in the Asia-Pacific region can hardly

¹³Peter Ferdinand, *The Classical Conductor and the Jazz Band: Chinese Foreign Policy Towards Asia in the 1990s*. Paper submitted to the workshop for "Major Asian Powers and the Security of Southeast Asia: The Post Cold War International Order," Kuching, Sarawak, 4-8 September 1991, 9.

be ascertained, China's goals for the next decade still revolve around the policy of:¹⁴ (1) maintaining a distance from the US and also showing the strategic importance of and the independence of Beijing from Washington; (2) enhancing cooperation and good relations with Moscow; (3) identifying itself as a member of the Third World countries; (4) asserting its significance and role as a major actor in Southeast Asia; (5) preventing any external intervention which may threaten the existence of the CCP; and (6) hindering any foreign influences that may threaten the national integrity and sovereignty of China.

Along with global and regional changes, Japan is compelled to bear a greater responsibility in promoting a better international order, especially in the Asia-Pacific region. In the post-Cold War era, Japan is not only concerned about the political situation in the region, but also about the "uncertainties" and the possible instability in international politics of the coming decade. In Japan's perception, as set forth in its *Diplomatic Blue Book 1990*, the world is likely to be haunted by regional conflicts resulting from the emerging ambitions of particular regional powers to play a dominant role in their respective regions.

In the Asia-Pacific region, Japan believes that the dangers of regional conflicts still continue to exist even though this region has performed impressive economic progress. At least, there are four threats perceived by Japan in this region: (1) the emergence of adventurist states who seek dominant positions in the region; (2) territorial disputes, ethnic conflicts, and political instability; (3) international terrorism; and (4) global problems such as population explosion, food

shortage, and environmental pollution.

It seems that of the four threats, the first and the second have drawn most of Japan's attention, especially since they are assumed as a consequence of arms proliferation and intensive military build-up in some Asia-Pacific countries.

Therefore, entering the "decade of uncertainties," Japan is prompted to increase its political role and to be more active in settling security problems in the region. Its role that has been limited only to boosting regional economic development is no longer sufficient to meet the new challenges. The increase of Japan's political role can among other things be seen from Tokyo's participation in promoting the settlement of the Cambodian conflict. Given Thailand's initiative, in June 1990 Japan hosted a meeting between Norodom Sihanouk and Cambodian Premier Hun Sen. This meeting resulted in an agreement to establish a Supreme National Council of Cambodia (NSC). The visit of Prime Minister Toshiki Kaifu to the ASEAN countries in early 1991 was one of Tokyo's initiatives to take part in promoting closer ties between Japan and Southeast Asia. Besides, Tokyo's initiatives in the economic field remain to be a very important factor for a successful economic reconstruction in Indochina. The economic reconstruction in Indochina will in turn be conducive to promoting peace and stability in Southeast Asia.

Japan's new foreign policy is clearly expected to make a positive contribution to the entire regional situation. However, there is no Asian country that wants to see Japan return to its pre-World War II military posture and role. In the future, Japan's policy in this region is likely to be aimed at

¹⁴See Rizal Sukma, "Peranan Strategis RRC," 15.

attaining the following objectives: (1) to maintain and strengthen Japanese-American ties; (2) to develop better relationship with Russia and China; (3) to bolster an independent security policy; and (4) to maintain strong and productive economic relations with the ASEAN countries.

New Strategic Environment: A Security Challenge for Indonesia and ASEAN

As mentioned earlier, the next decade will be one of a transition toward the formation of quadrangular power structure in the Asia-Pacific. An important question that has to be answered is: what challenges will Indonesia and ASEAN face in such a structure? Will the quadrangular structure, which may also be called a multipolar structure, be able to guarantee stability and security in the Asia-Pacific? Such a question is hard to answer because the existing structure is still in a transition process from a triangular to a quadrangular power structure in the Asia-Pacific. Moreover, in the literature of international relations itself, this question remains a topic of "endless" debate among theoreticians.¹⁵ In this case, security challenges, which will be facing Indonesia and ASEAN in the coming decade may be examined from various perspectives.

¹⁵Regarding this theoretical debate, see Karl W. Deutch and David J. Singer, "Multipolar Power Systems and International Stability," *World Politics* 16, no. 3 (April 1964): 390-406, and Richard N. Rosecrane, "Bipolarity, Multipolarity and the Future," *Journal of Conflict Resolution* 10, no. 3 (September, 1966): 314-327. For a more recent theoretical analysis, see, Frank Whelon Wayman, "Bipolarity and War," *Journal of Peace Research* 21, no. 1 (1984): 61-68; and Patrick James and Michael Brecher, "Stability and Polarity," *Journal of Peace Research* 25, no. 1 (1988): 31-42.

Uncertainties of the Patterns of Interaction in the Quadrangular Power Structure

For analytical purposes, the quadrangular political game is assumed as an enlarged form of the triangular structure. In other words, the characteristics of interaction in the quadrangular power structure are not very different from those of the triangular one.¹⁶ In this case, the US-Soviet Union-Japan-China quadrangular can be differentiated into four triangular structures, namely the US-China-Soviet triangle (structure I), the US-Japan-Soviet triangle (structure II), China-Japan-Soviet triangle (structure III), and the US-Japan-China triangle (structure IV).

The triangular structure has three major characteristics.¹⁷ *First*, theoretically, the three actors are inclined to compete with each other on an independent basis; they could be mutually positive, negative, or neutral towards each other. If one party decides to act independently, there is no guarantee that the two other actors will also act likewise. Each actor is also faced with the risk of being alienated by an alignment between the other two actors. Such a situation will prompt the three actors to establish an alliance or prevent any alliance among them.

¹⁶James C. Hsiung, "Sino-US-Soviet Relations in Triadic-Game Perspective," in *Beyond China's Independent Foreign Policy: Challenge for the US and Its Asian Allies*, James C. Hsiung, Ed. (New York: Praeger, 1985), 108-109.

¹⁷See, Michael Ng-Quin, "International Systemic Constraints on Chinese Foreign Policy," in Samuel S. Kim, ed., *China and the Third World: Chinese Foreign Policy in the Post-Mao Era* (Boulder: Westview Press, 1984), 99-101. See also, Michael Ng-Quin, "The Analytic Study of Chinese Foreign Policy," *Strategic Digest* (December 1983): 817-819.

The *second* characteristic of tripolarity is fluidity. It is difficult to estimate what forms of relationship that will emerge. It could be either hostile or friendly. Under such circumstance, each actor will fear for being sold out by a closer relationship between the other two actors. As a consequence, none will be satisfied with the *status quo*, so that uncertainties and instabilities will emerge as a result of the competition among the three actors in their quest for a central position.

Third, in a non-bipolar structure, regional actors will have a greater chance to conduct an independent foreign policy, and therefore, more middle powers will increasingly come forward in the regional policy. The mounting activity of regional actors will also increase the possibility for conflicts and cooperations between regional and major powers, and among regional powers themselves. This will clearly enhance the degree of instability.¹⁸

Conflicts and Competition Among Major Powers

The theoretical picture above shows that the present changes in the international system have not automatically reduced the potentials of conflict and instability. Empirical evidence in the quadrangular power structure of the US-Russia-China-Japan at present indicates some potentials of instability in the Asia-Pacific. There are at least five potential conflicts among the four big powers that will colour the international relations of the Asia-Pacific in the coming decade.

¹⁸Luo Renshi, "Strategic Structure, Contradictions and New World Order," *International Strategic Studies*, no. 1 (1991): 3.

First, relations between China and the US are factors that are most prone to disrupt the stability in the region. Since the Tiananmen incident in June 1989, relations between the US and China have deteriorated sharply. China regards the US as a country attempting a policy of "peaceful evolution" to destroy the international socialist system. After the collapse of socialism in the Eastern European countries and even in the former Soviet Union itself, the Chinese leaders are even more convinced that the next target will be the Chinese communism.

Second, although the US-Japan relation has so far often been regarded as a "perpetual" relationship, this doesn't necessarily mean that the relationship is not coloured by potential conflicts. The potential for conflict between the US and Japan is especially centred on economic problems. The imbalance of trade, which is indicated by quite a large US trade deficit, has become a factor of Washington's dissatisfaction with Japan. The US tends to see Japan as an unfair trader because it encourages export and discourages import. Meanwhile Japan views the trade imbalance as a reflection of the superior quality of Japanese products. Besides, Japan's seemingly reluctant attitude to give direct military support to the US during the Gulf War has strengthened Washington's perception that Tokyo is unwilling to participate in the burden sharing of defense, as desired by the United States.¹⁹

Third, the direction of Sino-Japanese relations is difficult to assess. Changes in the approach between China and Japan as set forth earlier, bear new consequences for

¹⁹For a more profound discussion of the problem in US-Japan relations, see Michael Nacht, "The US and Japan: Building a New Relationship," *Current History* (April 1991).

Tokyo-Beijing ties. In this respect, two possibilities are likely to happen: (a) expansion of the role and interest of both sides may lead to competition between China and Japan; and (b) arrangement of common interests between China and Japan.²⁰ Nevertheless, in the coming decade the two states may refer to the second scenario because there is little possibility that Japan will ever re-emerge as a military power in this region.²¹

Fourth, relations between China and the former Soviet Union has not as yet been restored entirely, although steps in this direction have been taken since the Sino-Soviet Summit in May 1989. The potential for conflicts, especially with the recent dramatic developments in Russia are still prevailing. The current events in the former Soviet-Union are regarded by Beijing as factors capable of prompting an increase of threats against the existence of socialism, national integrity and domination of the Chinese Communist Party (CCP) in China. As long as the former Soviet Union does not provoke its radical reformation ideas directly to China, the present relations will apparently continue to last in the next decade.

Fifth, Japan-Russia relations are still hampered by territorial disputes about the possession of the Kurile Islands. Japan is not prepared to sign a Peace Treaty with the

²⁰For a more comprehensive discussion of these two possibilities, see Rizal Sukma: "Jakarta-Beijing Relations and Security Challenges in Southeast Asia," *Indonesian Quarterly* XVIII, no. 4 (Fourth Quarter 1990): 280-286.

²¹For a discussion of Japan's limitation in re-emerging as a dominant military power in Asia, see Deborah C. Harber, "The Death of Hegemony: Why 'Pax Nipponica' is Impossible," *Asian Survey* XXX, no. 9 (September 1990): 892-907.

Soviet Union, before the four islands currently being occupied by the Soviet Union have been returned. This conflict has also obstructed Japan in extending economic aid to the Soviet Union, which is in turn also an obstacle in opening up economic cooperation between the two countries. However, the present trends indicate positive signs from Moscow side. Russian President, Boris Yeltsin has offered a formula for the settlement of the dispute, which will explicitly point out that ultimately the four islands will be restored to Japan. If this tendency becomes reality, there is a great possibility that during the coming decade, relations between Japan and the Soviet Union will develop in a positive way.²²

Intra-Regional Conflicts

Besides challenges and threats that may come from major powers, political game, conflicts at regional level also call for serious attention from Indonesia and ASEAN. The decreasing involvement and role of the US and Russia in regional conflicts, will not automatically reduce or terminate intra-regional conflicts in the region.²³ Intra-regional conflicts, especially after the Cold War ended, will be more conspicuous in the coming decade; and accordingly they merit more serious attention by all countries in the region. By and large, there are five potential sources that may disturb stability and peace in Southeast Asia, which will be discussed in the next section of this article.

²²*Jakarta Post*, 13 September 1991.

²³Muthiah Alagappa, "Regional Arrangements and International Security in Southeast Asia: Going Beyond ZOPFAN," *Contemporary Southeast Asia* 12, no. 4 (March, 1991): 277.

Intra-ASEAN Conflicts

In the coming decade, unsettled conflicts among ASEAN countries should receive greater attention. To date, ASEAN countries have not been active enough in settling conflicts among themselves, which accordingly has caused diplomatic tensions among them, although still on a manageable level. Generally speaking, the potential for intra-ASEAN conflicts are related to territorial disputes, differing policies (especially in the fields of defence and security) and diverging historic perceptions.

In the *first* case, territorial disputes between Indonesia and Malaysia (regarding the jurisdiction over Ligitan and Sipadan Islands), between Malaysia and the Philippines (on Sabah) and between Malaysia and Singapore (on Batu Putih Island) are three examples of potential conflicts which may disturb their bilateral relations.²⁴ In the *second* case, the problem of diversity in perception regarding the situation and ways to handle security problems in Southeast Asia may lead toward conflicts of interest. For instance, the decision of Singapore to provide military facilities to the US invited a strong reaction from Malaysia. Likewise, the close ties of Thailand with China, once provoked the suspicion and concern of Indonesia and Malaysia. Meanwhile the *third* case, the historical implication of Indonesia's policy of confrontation (*politik konfrontasi*) and dissension of the Malay Federation, has engendered a kind of "unique" and awk-

ward relationship between Indonesia, Malaysia and Singapore.²⁵

Indochina

Developments in Indochina have indeed shown encouraging signs with the settlement of the Cambodian conflict. Nevertheless, this region still harbours potentials conflicts and vulnerabilities for the Southeast Asian Region. The longstanding historical competition between Thailand and Vietnam, in projecting their influence on Cambodia and Laos, will naturally not disappear within a short period of time, though since 1988 the relationship between the two nations has improved. History recorded that, to a certain extent, the Cambodian conflict constituted the most important element of the Bangkok-Hanoi competition, in which each side supports the warring factions in Cambodia.²⁶

Besides, the possibilities of establishing a collaboration between China and Vietnam trying to put Cambodia and Laos under their influence, no matter how small this possibility, must always be reckoned with. The dramatic impact of developments in the Soviet Union on the two Communist countries will give China a chance to restore the

²⁴Recently, relations between Indonesia and Malaysia were coloured by diplomatic "tensions" when Malaysia built tourism facilities in the two islands while jurisdiction over these islands are still in dispute. See, *Far Eastern Economic Review* (20 June 1991): 20.

²⁵On the "unique" and "awkward" relationship between Malaysia, Indonesia and Singapore, see A.R. Sutopo, "*Hubungan Indonesia, Malaysia and Singapura: Dari Konfrontasi, Kolaborasi ke Realiansi*" [Relations Among Indonesia, Malaysia and Singapore: From Confrontation, Collaboration to Realliance] in *Hubungan Luar Negeri Indonesia di Bawah Orde Baru* [Indonesia's Foreign Relations Under the New Order], Bantarto Bandoro, ed., will be published.

²⁶Mutiah Alagappa, "The Dynamics of International Security in Southeast Asia: Change and Continuity," *Australian Journal of International Affairs* 45, no. 1 (May 1991): 13-15.

chun chi xiangyi (as close as lips and teeth) relations with Vietnam. Accordingly, Beijing may utilise Hanoi's disappointment regarding discontinuation of aid from Moscow and the uncertainty in the normalisation of relations between Hanoi and Washington.

The South China Sea

After the Cambodian conflict faded as a destabilising factor in the security of South-east Asia,²⁷ the South China Sea is often referred to as the new "flashpoint" which may become the source of instability in the region. The concern of the Southeast Asian countries regarding the conflicts in the South China Sea actually derives from two factors, namely China's involvement and the great number of countries involved in the conflict. As for the first factor, China is regarded as power that will not hesitate from using its military force in asserting each of its claims. Therefore, there is a fear that China will trigger military conflicts in this region.²⁸

With regard to the second factor, a large number of countries involved in the overlapping claims on the Spratly Islands clearly constitute a most delicate factor in attempting a peaceful solution. The conflict in the South China Sea involves China, Vietnam, Taiwan, Malaysia, the Philippines, and

Brunei. Besides, the involvement of three ASEAN countries in this dispute adds to the potential for intra-ASEAN conflicts, while other territorial disputes have not successfully and comprehensively been settled.

The extra-regional as well as the intra-regional and intra-ASEAN potential conflicts constitute grave challenges to Indonesia and ASEAN in the next decade. From the discussion mentioned above, it seems that the effort to create stability and security in the Asia-Pacific and Southeast Asia is a delicate matter. For this purpose, an appropriate form of security arrangements for this region is necessary. The discussion of the form of security arrangements can be carried out as follows.

With regard to the aims that ASEAN wants to achieve, ASEAN has not reached a clear agreement and direction on the ways to attain strategic goals as those cast in the Bangkok Declaration in 1967, the Kuala Lumpur Declaration on ZOPFAN in 1971, and The Treaty of Amity and Cooperation, in 1976.²⁹ Until now there is no regional consensus on the tactical goals that could become a beach head toward the attainment of the strategic goals.

Accordingly, the security arrangement in Southeast Asia must conceptually facilitate efforts to attain those goals. Nevertheless, in the process of achieving those goals, the

²⁷On the subsiding of the Significance of the Cambodian Conflict, see Edy Presetyono, "*Surutnya Signifikansi Masalah Kamboja dan Perubahan-perubahan di Asia Tenggara*" [The Subsiding of the Significance of the Cambodian Conflict and Changes in Southeast Asia], *Analisis CSIS XIX*, no. 6 (November-December 1990): 540-553.

²⁸See, Lee Lai To, "Managing Potential Conflicts in the South China Sea: Political and Security Issues," *Indonesian Quarterly XVIII*, no. 2 (Second Quarter 1990): 157.

²⁹Theoretically, the ASEAN has issued concrete documents on the ways to attain the goals contained in the ZOPFAN idea, namely the *Conceptual Framework and Proposals Concerning Steps for the Creation of ZOPFAN* in 1975. But this blueprint exclusively concentrated more on the aspect of ASEAN's relations with external powers, and neglected the aspect of "closer regional cooperation among all states to contribute to the forging of close and strong ties." See, e.g., Alagappa, "Regional Arrangements," 274-275.

characteristics of the quadrangular structure and its challenges, and the potentials for conflict on intra-regional and intra-ASEAN level, must be taken into account. In this context, ASEAN will continue to be faced with a dilemma between aims and strategy: (1) changing the previous goals and fixing the new ones which are in keeping with the existing conditions; or (2) creating new conditions that are in harmony with previously agreed goals.

On the one hand, if ASEAN is eager to assert its existence as an important actor in international relations, especially in the Southeast Asian region as its main strategic environment, it should be capable of making concerted efforts in maximising the goals determined before. On the other hand, however, there may be an irrational element in it, because this choice tends to isolate ASEAN from the real conditions that are not easy for ASEAN to manipulate. For this purpose, ASEAN has to admit that it needs to make adjustments, either in its objectives or strategy.

Security Arrangements: Some Policy Notes

In terms of goals, that what had been agreed upon in the Bangkok Declaration, the Kuala Lumpur Declaration, as well as in the Treaty of Amity and Cooperation, is still relevant. Judged from the three agreements, ASEAN wishes to create peace through:³⁰ (1) preventing intervention from outside powers; (2) recognising internationally acceptable norms and allowing regional countries to resolve their own conflicts by peace-

ful means; and (3) facilitating regional co-operation among Southeast Asian nations through certain adjustments in line with respected developments in the region. These adjustments, among others, are the re-evaluation of assumptions underlying those goals, including the assumptions underlying ZOPFAN.

Based on the above, the three major assumptions can be made into ones which must underlie security arrangements in the future. *First*, the role and involvement of the great powers in Southeast Asia cannot be denied by ASEAN. *Second*, the potential sources of instability in the future still stem from three areas, namely competitions among major powers, intra-regional conflicts, and intra-ASEAN disputes. *Third*, on the one hand, due to the end of the Cold War, conflicts that may invite intervention by the US and Russia have been successfully minimised. On the other hand, the possibility of intervention by China and, to a lesser extent Japan, are still possible.

However, strategically the main and permanent goal of ASEAN still revolves around creating *stability* in Southeast Asia. The stability that has to be realised by ASEAN is a *systemic stability*, namely a *condition characterised by the ability of system -- regional or international -- to prevent any possibility of destructive action by great powers outside the system, not only by confronting or avoiding changes, but also by adjustments through various rearrangements*. In other words, in case of any change, that system will be capable of returning to the original state. In order to realise this systemic stability, a security arrangement is necessary, namely "a mechanism through which each country attempts to attain its security goals which include security rela-

³⁰Alagappa, "Regional Arrangements," 275.

tionships with intra and extra-regional powers.”

Conclusion

The mechanism of security arrangements can take the forms of: (1) military alliance; (2) defence cooperation; (3) the presence of foreign military bases; and (4) security cooperation through multilateral or bilateral dialogues. These mechanisms apparently are still difficult to apply in Southeast Asia. An alliance in the form of a defence pact among the ASEAN states, for instance, is clearly not the best alternative desired by ASEAN. Indonesia, for example, has categorically rejected such arrangement. Defence cooperation has admittedly been successful at a bilateral level. However, increasing cooperation to the multilateral level has so far been impeded by differences of perception concerning threats and by the unsettled intra-ASEAN conflicts.³¹ The presence of external powers as “safeguards of stability” through military bases is still a controversial issue. For example, the future of an American military presence in Southeast Asia, exempli-

fied by Singapore’s offer to host US military facilities, have exacerbated the differences in views and attitudes among ASEAN countries. Furthermore, such an arrangement evidently could hamper the realisation of ZOPFAN concept that has become ASEAN’s aspiration.

The fourth alternative which is apparently more plausible and acceptable, upon implementation faces many complexities. The idea to create a forum similar to the Conference on Security and Cooperation in Europe (CSCE) in the Asia-Pacific (CSCA) has apparently not received positive response from countries in this region. This idea denotes a simplification that circumstances that exist in Asia-Pacific is similar to Europe’s.³²

Such difficulties are due to the “reluctance” of Southeast Asian countries to handle security issues with structural and formal mechanism. Therefore, before arriving at a formal structure, the security arrangements in Southeast Asia for the coming decade should focus more on the *process* than on the *structure*.

³¹Jusuf Wanandi, “Peace Security in Southeast Asia,” paper presented on *ASEAN-ISIS 1991 Meeting* (CSIS: Jakarta, 2-4 June 1991).

³²See, Paul M. Evans, “Proposals for a Confidence Building and Conflict Reduction Mechanism for the Pacific: The Prospects for Multilateralism,” one of paper presented on the *ASEAN-ISIS 1991 Meeting* (CSIS, Jakarta, 2-4 June 1991).

ASEAN Security Cooperation After the Cold War: Problems and Prospects

Angela M. Hemming

Introduction

THE post-Cold War environment presents a complex set of opportunities and challenges to policy-makers in the Asia-Pacific region. The demise of communism in Eastern Europe and the breakup of the Soviet Union render ideological confrontation between the superpowers extinct, and in its wake a new international climate is emerging, the exact form of which is uncertain. The implications for the Asia-Pacific region are evident in the Soviet withdrawal of forces from Vietnam, the Vietnamese pull-out of Cambodia, the end of the Sino-Soviet split, and the phased reduction of US military forces from the Western Pacific. The impending 'power vacuum' left by the superpower decline raises concerns about potential regional hegemons seeking to fill that void. In recognition of these realities, the Association of Southeast Asian Nations (ASEAN) has been reassessing its role as a mechanism for peaceful development in

Southeast Asia.¹ An increasing amount of confidence-building measures among the members has led some observers to note that ASEAN constitutes a security community which could extend to include other Southeast Asian countries. At the recent ASEAN summit in Singapore, leaders expressed a desire for greater cooperation on security issues, both among member states and with extraregional players. Yet the creation of an institutional mechanism for security cooperation, such as a military alliance, is not on the ASEAN agenda. The aim of this paper is to examine the way in which the changing international environment affects ASEAN's approach to security, and to discuss the factors which prevent multilateral

¹The association includes Brunei, Malaysia, Indonesia, Philippines, Singapore, and Thailand. As Brunei joined the group in 1984, mention of ASEAN before this date refers to the original five members only. While it is difficult to define the 'Southeast Asian region' due to an immense amount of linguistic, cultural and geographical diversity, the term is generally used in reference to an area encompassing ten countries: the six ASEAN states, Burma, and the Indochina countries of Vietnam, Laos and Cambodia.

security cooperation within the ASEAN framework.

Security Defined in the ASEAN Context

Since its formation in 1967, ASEAN has defined the concept of 'security' in broad terms to include social, cultural and economic elements. However, the political aspect of security provided the impetus for the creation of the association. ASEAN was established at time when a wide variety of conflicts threatened to forestall peaceful development in the region. Within many of the ASEAN states, domestic problems such as communist insurgency, Islamic separatist factions, and regionalism posed serious challenges to leadership and nation-building. Internal difficulties were mirrored in the international arena, evident in Indonesia's *konfrontasi* campaign against Malaysia, the territorial dispute between Malaysia and the Philippines over Sabah, and the unfriendly detachment of Singapore from Malaysia.² Furthermore, conflict in Indochina not only demonstrated the failure of the Southeast Asia Treaty Organisation (SEATO),³ but that Soviet support for Vietnam and subsequent American involvement were "turning Southeast Asia into a cockpit of super-power rivalry".⁴ In recognition of the fact that such conflicts were detrimental to the

common goal of national development, ASEAN was formed with the intention of creating a stable environment free of external interference and intraregional strife.

The interaction between domestic and international pressures illustrates the implicit security function of ASEAN. The Indonesian concept of 'national resilience' was broadened to 'regional resilience', meaning that resilience at the national level would lead to a stable regional environment, and that "economic and social problems are an integral part of regional security issues".⁵ While leaders stressed that ASEAN's key objectives were economic, cultural and social cooperation, "from the beginning the Association also represented a political *entente* between non-(indeed, anti-) communist states in a region 'threatened' by communist-led revolutionary pressures, from both within and without".⁶ Mindful of the fact that member states (except Indonesia) were parties to defence arrangements with Western powers, ASEAN was careful not to present itself as a military coalition for fear of "setting off a reaction on the part of Vietnam and perhaps the Soviet Union".⁷ Therefore, security cooperation in the military sense was confined to bilateral initiatives, as outlined in the Declaration of ASEAN Concord (1976).⁸

²Paridah Abd. Samad, "Internal Variables of Regional Conflicts in ASEAN's International Relations," *Indonesian Quarterly* XVIII, no. 2 (Second Quarter 1990): 171-172.

³SEATO was comprised of Thailand, the Philippines, the US, Great Britain, France, and Pakistan.

⁴Tim Huxley, "ASEAN Security Co-operation -- Past, Present and Future," in Alison Broinowski, ed., *ASEAN Into the 1990s* (London: Macmillan, 1990), 83.

⁵Jusuf Wanandi, "Global Changes and Its Impact on the Asia-Pacific Region: An ASEAN View," *Indonesian Quarterly* XIX, no. 3 (Third Quarter 1991): 229.

⁶Huxley, "ASEAN Security Co-operation," 84.

⁷Khong Kim Hoong and Abdul Razak Abdullah, "Security Co-operation in ASEAN," *Contemporary Southeast Asia* 9, no. 2 (1987): 137.

⁸Mochtar Kusuma-Atmadja, "ASEAN and the Pacific in the 1990s," *Indonesian Quarterly* XIX, no. 2 (Second Quarter 1991): 132.

An important obstacle to multilateral security cooperation within the ASEAN framework has been Indonesia's firm commitment to the principle of non-alignment, for "alliances of a military kind even among neutral states are generally conceived to be incompatible with the status of neutrality".⁹ At the first ASEAN summit in 1976, President Soeharto said, "our concept of security is inward looking".¹⁰ Therefore, one of the main objectives of ASEAN has been the elimination of great power involvement which would entangle the region in undesirable alliances. The association has taken steps toward this goal through the declaration of a Zone of Peace, Freedom and Neutrality (ZOPFAN), the proposal for a nuclear weapons-free zone in Southeast Asia (SEAN-WFZ), and the Treaty of Amity and Cooperation, which provides for the Pacific resolution of disputes and "the right of every State to lead its national existence free from external interference, subversion or coercion".¹¹

Placing these concerns high on the political agenda over the years, it appears that "despite rhetoric to the contrary ... ASEAN leaders ... have been tacitly preoccupied with security issues".¹² While security was defined as broadly as possible, the political emphasis was particularly apparent after Vietnam's invasion and occupation of Cambodia

(Kampuchea) in 1978. Former Indonesian Foreign Minister, Mochtar Kusuma-Atmadja, observed in 1991 that "the Kampuchea question has been both a catalyst and unifying force for ASEAN as the various national interests coincided on this issue of common interest".¹³ Vietnam's aggressive act violated many of the principles that ASEAN strove to protect with the Treaty of Amity and Cooperation. Furthermore, this conflict ushered in a new era of great power involvement in Southeast Asia: China attacked Vietnam in 1979 in an attempt to curb the latter's hegemonic ambitions, the Soviet Union reacted against China's move by establishing military facilities in Vietnam, and the United States placed greater emphasis on its naval and air bases in the Philippines in order to 'contain' this perceived communist threat.

Opportunities and Challenges of the Post-Cold War Era

Since the formation of ASEAN, the world has undergone dramatic changes. Whereas ASEAN has eschewed multilateral security cooperation for a variety of reasons, the new international environment compels the leaders of this association to reassess their approach to security in Southeast Asia.¹⁴ According to Raul Manglapus, the Philippines Foreign Secretary, "there is this feeling that rather than signalling the end of the problem of security, [the end of the Cold War is] only the signal for the beginning of

⁹Heiner Hänggi, *ASEAN and the ZOPFAN Concept* (Singapore: Institute of Southeast Asian Studies, 1991), 26.

¹⁰Quoted in K.U. Menon, "A Six-Power Defence Arrangement in Southeast Asia?" *Contemporary Southeast Asia* 10, no. 3 (December 1988): 319.

¹¹Text of the Treaty of Amity and Cooperation, in Heiner Hänggi, *ASEAN and the ZOPFAN*, Appendix 5, 65.

¹²Khong and Abdullah, "Security Co-operation," 129.

¹³Kusuma-Atmadja, "ASEAN and the Pacific," 133.

¹⁴Michael Vatikiotis, "Time for Decisions," *Far Eastern Economic Review* (hereinafter referred to as *FEER*) 155, no. 2 (16 January 1992): 23.

new and perhaps more complex ones".¹⁵

In the late 1980s, the Soviet Union began to focus more attention to its internal economic woes, and this had ramifications on considerations of foreign policy. The USSR entered into *rapprochement* with the United States and China, reduced financial support for Indochina, and reduced its military presence in Vietnam. Subsequently, Vietnam ended its occupation of Cambodia and is now seeking better relations with China and ASEAN. A process under United Nations auspices is currently under way which, it is hoped, will facilitate a peaceful establishment of indigenous Cambodian government. In addition, changes initiated by Gorbachev's *glasnost* and *perestroika* set in motion a chain of events in Europe which brought about an end to superpower ideological confrontation and the demise of the Soviet Union itself. With the removal of the perceived communist threat in Asia, the US is unable to justify its large military presence in the Pacific; consequently, it is abandoning its bases in the Philippines and is "actively examining possibilities for achieving a new kind of partnership in the Pacific".¹⁶

The impending resolution of the Cambodian conflict presents an opportunity for expanding ASEAN security dialogue to include the entire Southeast Asian region. Former Vietnamese Foreign Minister, Nguyen Co Thach, said, "the signs are, there is now a willingness to have cooperation among the 10 nations of Southeast Asia".¹⁷ In a confidential report to the Singapore summit,

ASEAN foreign minister said that the association "must seek avenues to engage its members in new areas of co-operation on security matters, and begin to forge a better relationship [with countries in Indochina.]".¹⁸ ASEAN states are enhancing diplomatic and economic relations with Vietnam and Laos, including an invitation to accede to the Treaty of Amity and Cooperation, and Cambodia is expected to follow once its internal problems are resolved.¹⁹ No longer the 'frontline' state facing Vietnamese expansionism, Thailand's present ambition is to "turn the battlefields of Indochina into markets".²⁰ Furthermore, regional academic institutions are conducting seminars on security issues, attended by representatives from ASEAN, Indochina and Burma who recognise that "we cannot allow our security to be dependent on the whims ... of external powers".²¹ These informal, unofficial meetings offer a forum in which former adversaries are able to conduct dialogue on a subject which was sensitive, if not taboo, during the polarisation of Cold War politics.²² While this dialogue is pro-

¹⁸Michael Richardson, "ASEAN Opts for Closer Security Ties," *Asia-Pacific Defence Reporter* XVIII, no. 10-11 (April/May 1992): 32.

¹⁹Michael Vatikiotis, "Action at Last," *FEER* 155, no. 5 (6 February 1992): 11.

²⁰Thai Prime Minister Chatichai, quoted in Huxley, "ASEAN Security Co-operation," 100.

²¹Vatikiotis, "Brave New World," 19.

²²Andrew Mack says, "... the lessening of ideological confrontation between states, while not guaranteeing harmony, has at least removed a major barrier to communication. In the 1990s, most nation states are now speaking a similar economic and political language." See Andrew Mack, *After the Cold War and the Gulf War: Prospects for Security in the Asia-Pacific* (Canberra: Australian National University, International Relations working paper 1992/1), 2.

¹⁵Quoted in Michael Richardson, "US Plans for Pacific Partnership," *Asia-Pacific Defence Reporter* XVII, no. 12 (June 1991): 15.

¹⁶George Bush, quoted in Michael Richardson, *ibid.*

¹⁷Michael Vatikiotis, "Brave New World," *FEER* 155, no. 4 (30 January 1992): 19.

missing, critics note that security issues in Indochina will not end with the resolution of the Cambodian problem, for "as in the ASEAN countries themselves, ... stability will be best assured by equitable socio-economic development".²³

In 1989, Singapore's Prime Minister Lee Kuan Yew warned that when Vietnam withdrew from Cambodia, ASEAN would lack a common external threat which had provided a certain amount of political cohesion for so many years.²⁴ While the reduction of super-power involvement in Southeast Asia would seem to allow for the creation of ZOPFAN, it also encourages new threat perceptions which contribute to the necessity of perpetuating some form of great power security arrangement with ASEAN. As the international scene shifts from a bipolar to a multipolar focus, the decline of great power intervention could be a source of instability in that regional powers, such as China, India or Japan, might use their expanding naval capabilities to increase their influence in the region.²⁵ The desirability of American presence to discourage regional attempts at hegemony has been a source of debate within ASEAN, particularly regarding military bases and the relevance of ZOPFAN; however, the general consensus is that US influence has contributed to regional stability and allowed the members to focus on economic development.²⁶ Internal threats have

shaped the defence postures of ASEAN states, yet the salience of the US "role as regional balancer, honest broker, and security guarantor",²⁷ is evident in the fact that many members regard the current reduction of US military forces in the Pacific as a harbinger of potential long-term security threats to the region from external sources.

The impermanence of America's Southeast Asia commitment was evident as early as 1969, when President Nixon's Guam Doctrine envisaged a greater role for regional states in sharing the defence burden. Meanwhile, the British had announced their intention to withdraw troops east of Suez by 1975, which particularly affected the defence capabilities of Singapore and Malaysia. The dramatic international events in the late 1980s and early 1990s, including the Philippines' decision to terminate the leases on Clark and Subic military bases, have speeded up the process of great power decline in the region. Whereas the US is not proposing a complete withdrawal of its multifaceted commitment to the Asia-Pacific, the issue gains salience with ASEAN leaders in light of the fact that "US officials appear decreasingly able to articulate exactly what the future US security role will be".²⁸ Furthermore, the US faces domestic political tensions, particularly a growing neo-isolationist sentiment, which could constrain its ability to respond to crises in the region.²⁹ The 1991

²³Huxley, "ASEAN Security Co-operation," 100.

²⁴Quoted in K.U. Menon, "An ASEAN Defence Community: Real or Imagined?" *Asia-Pacific Defence Reporter* XVII, no. 10 (April 1991: 28).

²⁵Huxley, "ASEAN Security Co-operation," 106.

²⁶Singapore's Brigadier General Lee Hsien Loong, cited in Sheldon Simon, "US Interests in Southeast Asia: The Future Military Presence," *Asian Survey*

XXXI, no. 7 (July 1991): 671; Singapore's Prime Minister, Goh Chok Tong, says that despite different ASEAN views on the US military role in Southeast Asia, "I believe all of us understand its value in maintaining an equilibrium," see Richardson, "ASEAN Security ties," 34.

²⁷Simon, "US Interests in Southeast Asia," 673.

²⁸Mack, *After the Cold War*, 4.

²⁹*Ibid.*

Gulf War demonstrated the effectiveness of the US role as 'policeman', and caused many ASEAN states to place greater importance on the US military presence as a beneficial contribution to stability in Southeast Asia. Consequently, ASEAN members are offering the use of military facilities to the US in the hope of perpetuating American presence, which could both deter middle power hegemony and maintain investor confidence in the region.

Latent fear of Japanese rearmament was also highlighted during the Gulf War, when ASEAN "reacted with anxiety if not alarm" at Japan's proposal to send a "peace support group" to aid the coalition forces in the Persian Gulf.³⁰ Given the current absence of a common Soviet threat, there is a concern that friction stemming from tense economic relations could adversely affect the US-Japan Security Treaty, which "is valued more as a means for restraining potential Japanese military resurgence, than as an alliance for defending Japan from external threats".³¹ Despite the defensive nature of the Japanese military forces and the fact that Japan has a significant interest in protecting its substantial trade and investment links in Southeast Asia,³² the long-term potential for Japan to combine this economic power with military influence is cause for an underlying apprehension in the region.

ASEAN is also concerned about the recent build-up of India's naval power projection capacity, especially considering the proximity of Indian bases in the Andaman

Sea.³³ Likewise, ASEAN perceives China as a potential threat to maritime security as it acquires a 'blue water' navy to secure its interests in the South China Sea. These countries do not pose immediate threats to ASEAN due to the fact that both are pre-occupied with internal difficulties in the short-term.³⁴ However, considering their size and growing nuclear capabilities, ASEAN recognises that China and India are important regional actors which, along with Japan, have displayed signs of "wanting to play a more assertive role".³⁵ Furthermore, "what matters is not so much what *is* the case as what states *perceive* to be the case. And it is the *perception* of the dangers of a future without America which is the major factor driving the current military build-up in Asia".³⁶

These threat perception, combined with the uncertain future of US commitments and the loose nature of existing external security accords, such as the Five Power Defence Arrangements (FPDA),³⁷ have contributed to an increasing amount of military cooperation between the ASEAN states. In 1982, Lee Kuan Yew expressed that bilateral military exercises between Singapore and Indonesia "may become trilateral and later quadrilateral; the ideal would be multilateral exercises encompassing all the ASEAN

³³Phil Bowring, "Middle Power' Rivalry," *FEER* 148, no. 15 (12 April 1990): 21.

³⁴Wanandi, "Global Changes," 232-233.

³⁵Goh Chok Tong, quoted in Richardson, "US Plans for Pacific," 15.

³⁶Mack, *After the Cold War*, 6.

³⁷The FPDA (Five Power Defence Arrangements) provides for consultation and joint military exercises between Australia, New Zealand, Malaysia, Singapore and the United Kingdom.

³⁰Simon, "US Interests in Southeast Asia," 672.

³¹Mack, *After the Cold War*, 5-6.

³²Kusuma-Atmadja, "ASEAN and the Pacific," 135.

members".³⁸ While this form of collaboration has yet to materialize, the amount of bilateral and trilateral activities among the members is substantial. One observer notes that ASEAN constitutes a "security community", which is "readily apparent in the frequent series of military exchanges and visits between the ASEAN member states ... [and] a significant spurt in the numbers of military exhibitions, conferences and seminars/workshops focusing on the theme of ASEAN military cooperation".³⁹ Examples of cooperative activities at the bilateral level include mutual use of military facilities, exchanges of defence personnel, joint border committees, regular military exercises, intelligence sharing, and discussions concerning weapons standardization and joint procurement.⁴⁰

With the end of the Cold War, ASEAN is able to increase its military ties without fear of a negative reaction from external states. In April 1989, the Indonesian Armed Forces Chief, General Try Sutrisno, said, "we are not building a military pact. But in the development of the joint exercises, it may happen".⁴¹ Malaysia's then foreign minister, Dato Abu Hassan, said that "there will be a time when we have our own national military strengths and this could be used collectively against a threat from outside".⁴² However, at the Singapore summit, the foreign ministers emphasized that ASEAN "is not, and should not become, a military

alliance".⁴³ Therefore, it appears that ASEAN's quest for self-reliance in the defence realm remains within the broad definition of security stated earlier, but that explicit military collaboration is possible, and perhaps necessary in the long-term, given the changing nature of the international environment. Hence, the agenda for enhanced co-operation, as outlined in the foreign ministers' report to the recent summit, includes closer consultation on security matters "to promote mutual trust and to enable [ASEAN] to work together more effectively in a crisis".⁴⁴

Security Cooperation: Constraints and Proposals

Despite this trend towards closer security collaboration, it is possible to question the effectiveness of ASEAN as a security community given the multiplicity of centrifugal tendencies within the group. Indeed, "the end of the Cold War is to mean only the disappearance of one dimension of security of the region. It is not likely to reduce, let alone eliminate, the seeds of conflicts, real as well as potential, inherent in the region itself, both within and among the resident countries themselves".⁴⁵ Intraregional problems posing potential constraints on the development of multilateral security cooperation include territorial disputes, mutual suspicions, and divergent threat perceptions.

³⁸Quoted in Khong and Abdullah, "Security Co-operation," 137.

³⁹Menon, "ASEAN Defence Community," 28.

⁴⁰Ibid.

⁴¹Quoted in *ibid.*

⁴²Quoted in *ibid.*

⁴³Quoted in Richardson, "ASEAN Security Ties," 34.

⁴⁴Quoted in *ibid.*

⁴⁵J. Soedjati Djiwandono, "The Security of South-east Asia in a Changing Strategic Environment: A View from Indonesia," *Indonesian Quarterly* XIX, no. 3 (Third Quarter 1991): 249.

While the territorial dispute over Sabah remains dormant and is unlikely to engage the Philippines and Malaysia in armed combat, the issue prevents bilateral participation in joint military activities outlined earlier. Moreover, these two countries have overlapping maritime claims in the South China Sea, and are increasing their respective naval forces to enforce their 200-mile exclusive economic zones. In 1988, Malaysia captured a group of Filipino fishermen who were allegedly within Malaysian territorial waters in the region of the Spratly Islands.⁴⁶ The issue created tense diplomatic relations between Manila and Kuala Lumpur, and a negotiated settlement over the Sabah dispute does not appear likely in the near future.

The South China Sea problem involves not only Malaysia and the Philippines, but Taiwan, China, and Vietnam. The Spratly and Paracel island groups are located along key sea lanes of communication (SLOCs) between East Asia and the Indian Ocean, and harbour a wealth of natural resources. Historical claims to the region are complex, and many of the contestants have stationed defence forces in the region. Vietnam and China have resorted to military force against each other several times to protect their claims, most recently in 1988, and it is the potentially explosive nature of the dispute which represents a threat to peace and stability in Southeast Asia. Therefore, an important issue for ASEAN is the possible affect of such disputes, given the overlapping claims among some of its members and with important regional powers. Moreover, the danger posed to SLOCs would not only concern ASEAN countries, but would threaten Japanese economic interests as well. Conse-

quently, even ASEAN members uninvolved in the dispute, such as Singapore and Thailand, are "[shoring] up their maritime capabilities so as to deal with a potential spillover to any conflict in the South China Sea".⁴⁷ Due to the fact that this issue does not involve all ASEAN members directly, any serious conflict involving Malaysian or Philippines claims could be a constraint to regional cooperation at the multilateral level.

Territorial disputes contribute to an environment of suspicion and distrust, posing a "fundamental challenge not only to ASEAN security but also to its unity".⁴⁸ Mutual suspicions linger within ASEAN despite the cooperative framework of the association. For example, Malaysian relations with the Philippines, Thailand and Indonesia conceal an undercurrent of wariness due to a history of territorial disputes; Malaysia-Singapore tensions stem from their separation in 1965; and racial elements underscore Singapore's precarious position "as an ethnic Chinese nut in an Indonesian-Malaysian nutcracker".⁴⁹ These suspicions are rarely discussed publicly; nevertheless, they affect security cooperation particularly when internal problems spill over borders, as when ethnic-based secessionist movements are perceived to gain support in contiguous countries.⁵⁰

⁴⁷Derek da Cunha, a Fellow at the Institute of South-East Asian Studies in Singapore, quoted in Richardson, "ASEAN Security Ties," 34.

⁴⁸Khong and Abdullah, "Security Co-operation," 136.

⁴⁹D.E. Weatherbee, "The View from ASEAN's Southern Flank," *Strategic Review* (Spring 1983): 59.

⁵⁰For example, Indonesia's concern that the nationalist movement in Aceh is supported in Malaysia, and that the Free Papua Movement in Irian Jaya gains sanctuary in Papua New Guinea (an observer in ASEAN). Also, the Philippines suspects Malaysia of aiding the Moro National Liberation Front from Sabah.

⁴⁶Chang Pao-Min, "A New Scramble for the South China Sea Islands," *Contemporary Southeast Asia* 12, no. 1 (June 1990): 28.

ASEAN unity is constrained further by the existence of divergent threat perceptions, which has been a divisive factor since the formation of the group. For example, the fact that ASEAN took a common stand against the Vietnamese occupation of Cambodia obscured the dissimilar strategic outlook among the members. Whereas Indonesia, Malaysia and the Philippines viewed China as the essential long-term threat to security, Singapore and Thailand tended to concur with China's view that Vietnam and the USSR posed the greatest danger to the region.⁵¹ Differences were highlighted further during the Gulf War, when issues of Islamic politics and great power involvement in Southeast Asia were debated in ASEAN. Regarding the demonstrated strength of the US in evicting Iraq from Kuwait, Goh Chok Tong remarked, "the recently concluded Gulf War underlines the importance of having extraregional friends interested in, and prepared to commit forces to defend, the stability of a region".⁵² Singapore's desire to maintain links with external powers, through the FPDA and "cooperative vigilance" with the US, was echoed by Thailand, Brunei and the Philippines.⁵³ Yet Malaysia and Indonesia, predominantly Muslim nations concerned at the domestic political ramifications of supporting a pro-Israel US, expressed the apprehension that "we now have a superpower that appears to be completely unfettered and free to do what it wishes"⁵⁴; consequently,

"there is caution in the air about dealing with the US in the post-Gulf war situation".⁵⁵

Given this variety of divisive tendencies, the aforementioned network of military activities acts as a confidence-building device to foster better communication, trust and understanding within ASEAN. While the current character of these endeavours is informal, recent proposals reflect the desire to create a more substantial framework for security dialogue at the multilateral level. The January 1992 Singapore Declaration stated that ASEAN will encourage "internal talks on regional security",⁵⁶ and at a defence conference in Singapore one month later, Vice-Admiral Soedibyo Rahardjo, Chief of the General Staff of the Indonesian Armed Forces, said that future meetings of ASEAN officials would be "reinforced by the representatives of the defence and security department and intelligence respectively".⁵⁷

The Singapore Declaration also strengthened ASEAN's commitment to "promote external ... talks on regional security [(by using) the ASEAN Post Ministerial Conferences more intensively ... [and by giving] high priority to ties with the rest of the Asia-Pacific".⁵⁸ In 1990, Canada and Australia suggested institutionalised dialogue on

Differences," *Asia-Pacific Defence Reporter* XVII, no. 10 (April 1991): 27.

⁵⁵Chandran Jeshurun, co-ordinator of the regional strategic studies program at the Institute of Southeast Asian Studies in Singapore, quoted in *ibid*.

⁵⁶The Singapore Declaration, *Straits Times*, 29 January 1992.

⁵⁷Quoted in Richardson, "ASEAN Security Ties," 34.

⁵⁸The Singapore Declaration.

⁵¹Huxley, "ASEAN Security Co-operation," 89.

⁵²Quoted in Richardson, "US Plans for Pacific," 15.

⁵³*Ibid*.

⁵⁴Nordin Sopiee, Director General of the Institute of Strategic and International Studies in Kuala Lumpur, quoted in Richardson, "Gulf War Sharpens ASEAN

security issues, including the use of the ASEAN Post Ministerial Conferences (PMC) and the creation of a Conference on Security and Cooperation in Asia (CSCA), respectively.⁵⁹ While ASEAN has not taken up the Australian proposal, the PMC forum for security dialogue appeals to the sentiment of ASEAN leaders, who are wary of having their interests diluted within a larger grouping. ASEAN recognises the merits of an expanding dialogue on security issues given the fact that Southeast Asia is intricately linked with the wider Asia-Pacific, both economically and politically. According to one ASEAN official, "the PMC has been evolving as a forum for dialogue on security; now it is clearly stated".⁶⁰ Furthermore, the Singapore Declaration announced the intention to create an ASEAN Free Trade Area (AFTA) within fifteen years; as ASEAN was created under the assumption that economic prosperity could provide the basis for a more stable regional environment, the AFTA proposal could also be viewed as an initiative for enhancing 'security' as defined in the ASEAN context.

While ASEAN as a group has shunned the CSCA idea, certain members appear to be warming up to Australia's proposal. On 9 April 1992, Malaysian Foreign Minister, Datuk Najib, offered Malaysia as host for a conference on Asia-Pacific security issues, which would be the first to involve both civilian and military officials in a dialogue

specifically devoted to security.⁶¹ Calling for a strengthening of the bonds between ASEAN and other FPDA members such as Australia and New Zealand, Datuk Najib said, "I feel that Asia-Pacific countries ... should begin a security dialogue in which member states will discuss regional security issues together as well as to explore areas where cooperation amongst members could be enhanced".⁶² Pointing to the irrelevance of the Cold War paradigm of superpower confrontation, he illustrated his conviction of the importance of security dialogue by quoting Sir Winston Churchill: "Jawjaw is better than war war".⁶³

Conclusion

Recent proposals for enhanced cooperation in security affairs reflect an awareness of the changing international arena. As the Cambodian conflict nears a resolution, ASEAN is able to initiate the process of incorporating Indochina into the association. Informal discussions on security matters with Vietnam, Laos, Cambodia and Burma are possible due to the end of the ideological confrontation of the Cold War era. The impending decline of US involvement in the region stimulates questions within ASEAN, particularly regarding the future of great power participation in security issues and the multipolar future of the Asia-Pacific. Given the uncertain nature of the post-Cold War environment, the ASEAN states are promoting Asia-Pacific security dialogues, increasing the level of security-related activities

⁵⁹Jusuf Wanandi, "Towards a New Regional Order for ASEAN," *Indonesian Quarterly* XIX, no. 2 (Second Quarter 1991): 111. The PMC (Post Ministerial Conference) with ASEAN's dialogue partners, namely Canada, Australia, New Zealand, the US, Japan, the EC, and South Korea.

⁶⁰The name of the official was not given. Quoted in Vatikiotis, "Action at Last," 11.

⁶¹Mark Metherell, "Malaysia Push for Regional Defence," *Age*, 10 April 1992, 3.

⁶²Quoted in *ibid*.

⁶³*Ibid*.

within the group, and seeking a redefinition of US commitments. Despite the high-level of intra-ASEAN bilateral military ventures, however, the formation of an institutional framework is inhibited by divergent strategic outlooks, mutual suspicions, external alliance entanglements, the absence of immediate external threats, and territorial disputes. The expanding network of confidence-building measures has the potential to foster better trust and understanding, but it

remains to be seen whether this sort of activity will alleviate the long-standing centrifugal tendencies within ASEAN. Recent proposals in the security and economic realms are important indicators of a revitalised approach to security on the part of ASEAN, and they illustrate a certain continuity in the goals of the association; such enterprises are likely to enhance the stability of Southeast Asia, which was the goal of regional cooperation in the first place.

BIBLIOGRAPHY

- Bowring, Philip. "Middle Power' Rivalry." *FEER* 148, no. 15 (12 April 1990): 20-21.
- Broinowski, Alison, ed. *ASEAN Into the 1990s*. London: Macmillan, 1990.
- Buszynski, Leszek. *ASEAN: Security Issues of the 1990s*. Canberra: Australian National University, 1988. Strategic and Defence Studies Working Paper no. 165.
- Buzan, Barry. "The Southeast Asian Security Complex." *Contemporary Southeast Asia* 10, no. 1 (June 1988): 1-16.
- Chang Pao-Min. "A New Scramble for the South China Sea Islands." *Contemporary Southeast Asia* 12, no. 1 (June 1990): 20-39.
- Djiwandono, J. Soedjati. "The Security of Southeast Asia in a Changing Strategic Environment: A View from Indonesia." *Indonesian Quarterly* XIX, no. 3 (Third Quarter 1991): 245-255.
- "ZOPFAN: Is It Still Relevant?" *Indonesian Quarterly* XIX, no. 2 (Second Quarter 1991): 115-130.
- Gregor, A. James. *In the Shadow of Giants: The Major Powers and the Security of Southeast Asia*. Stanford: Hoover Institution Press, 1989.
- Hänggi, Heiner. *ASEAN and the ZOPFAN Concept*. Singapore: Institute of Southeast Asian Studies, 1991.
- Kevin, A.C. *Major Powers Influences on the Southeast Asian Region: An Australian View*. Canberra: Australian National University, 1989. Strategic and Defence Studies Centre Working Paper no. 183.
- Khong Kim Hoong and Abdul Razak Abdullah. "Security Co-operation in ASEAN." *Contemporary Southeast Asia* 9, no. 1 (1987): 129-139.
- Mack, Andrew. *After the Cold War and the Gulf War: Prospects for Security in the Asia-Pacific*. Canberra: Australian National University, 1992. International Relation Working Paper 1992/1.
- Mennon, K.U. "A Six-Power Defence Arrangement in Southeast Asia?" *Contemporary Southeast Asia* 10, no. 3 (December 1988): 306-327.
- "An ASEAN Defence Community: Real or Imagined?" *Asia-Pacific Defence Reporter* XVII, no. 10 (April 1991): 28-30.
- Metherell, Mark. "Malaysia Push for Regional Defence." *The Age*, 10 April 1992, 3.
- Kusuma-Atmadja, Mochtar. "ASEAN and the Pacific in the 1990s." *Indonesian Quarterly* XIX, no. 2 (Second Quarter 1991): 131-140.

- "Some Thoughts on ASEAN Security Co-operation: An Indonesian Perspective." *Contemporary Southeast Asia* 12, no. 3 (December 1990): 161-171.
- Morrison, Charles E., ed. *Threats to Security in East Asia-Pacific: National and Regional Perspectives*. Lexington: D.C. Heath and Company, 1983.
- Abdul Samad, Paridah. "Internal Variables of Regional Conflicts in ASEAN's International Relations." *Indonesian Quarterly* XVIII, no. 2 (Second Quarter 1990): 171-172.
- Richardson, Michael. "ASEAN Opts for Closer Security Ties." *Asia-Pacific Defence Reporter* XVIII, no. 10-11 (April/May 1992a): 32-34.
- "Gulf War Sharpens ASEAN Differences." *Asia-Pacific Defence Reporter* XVII, no. 10 (April 1991): 27-28.
- "Regional Mistrust Increasing." *Asia-Pacific Defence Reporter* XVIII, no. 10-11 (April/May 1992b): 34-35.
- "US Plans for Pacific Partnership." *Asia-Pacific Defence Reporter* XVII, no. 12 (June 1991): 15.
- Simon, Sheldon. "ASEAN's Strategic Situation in the 1980s." *Pacific Affairs* 60, no. 1 (Spring 1987): 73-93.
- "US Interests in Southeast Asia: The Future Military Presence." *Asian Survey* XXXI, no. 7 (July 1991): 626-675.
- *The ASEAN States and Regional Security*. Stanford: Hoover Institution Press, 1982.
- "The Singapore Declaration." *Straits Times*, 29 January 1992.
- Snitwongse, Kusuma. *Southeast Asia Beyond A Cambodia Settlement: Conflict or Cooperation?* Canberra: Australian National University, 1990. Strategic and Defence Studies Centre Working Paper no. 223.
- Vatikiotis, Michael. "Action in Last." *FEER* 155, no. 5 (6 February 1992): 10-11.
- "Brave New World." *FEER* 155, no. 4 (30 January 1992): 19-20.
- "Time for Decisions." *FEER* 155, no. 2 (16 January 1992): 23-24.
- Wanandi, Jusuf. "Global Changes and Its Impact on the Asia-Pacific Region: An ASEAN View." *Indonesian Quarterly* XIX, no. 3 (Third Quarter 1991): 228-237.
- "Towards a New Regional Order for ASEAN." *Indonesian Quarterly* XIX, no. 2 (Second Quarter 1992): 108-114.
- Weatherbee, Donald E. "The View from ASEAN's Southern Flank." *Strategic Review* (Spring 1983).

India's Sectoral Partnership with the ASEAN

Ganganath Jha

INDIA is in geographical proximity to the members of the Association of Southeast Asian Nations¹ (ASEAN), i.e., Thailand, Malaysia, Singapore, Indonesia, Brunei and the Philippines. India shares common maritime frontiers in the Indian Ocean with Thailand, Malaysia, Singapore, and Indonesia. India's Andaman and Nicobar islands are located at the distance of 12 miles from Indonesia and have historical and cultural links with all the ASEAN countries. Geopolitically India has had intimate connections with the ASEAN region and whenever the security of India or Southeast Asia was threatened in the past, both of them suffered equally. The British colonisation of India in the eighteenth century had

adverse implications for the sovereignty and independence of the Southeast Asian countries. Southeast Asian states were colonised by either Britain, France, Holland or Spain and later, in the twentieth century, when Japan moved in pursuit of the co-prosperity and occupied Southeast Asia during the period of 1942-45, it had its repercussions on India's security. Some parts of Indian territories, i.e. the Andaman and Nicobar islands, had already fallen and Japan was poised to conquer India. There were fears of India's imminent fall to the Japanese but that did not happen. Japan started facing reverses and its military expedition towards India was somehow averted. After the end of the Second World War, Britain was unable to sustain its colonial hold over India and thus there was a transfer of power and India became independent. The phenomenon of India's independence on 15 August 1947 had a positive impact on the freedom movement in the region of Southeast Asia. Other countries became independent subsequently.

¹For further details about the ASEAN, see, Michael Leifer, *ASEAN and the Security of Southeast Asia* (London: Routledge, 1989); Alison Broinowski, ed., *Understanding ASEAN* (London: Macmillan, 1982); Bernhard Dham and Werner Draguhn, ed., *Politics, Society and Economy in the ASEAN States* (Wiesbaden: Otto Harrassowitch, 1975) and also see Somsakdi Xuto, *Regional Cooperation in Southeast Asia: Problems, Possibilities and Prospects* (Bangkok: 1973).

Thus the developments of the past prove

that the momentous events in India and Southeast Asia have intimate connections and these events have long-term implications for each other. They cannot ignore each other's geo-strategic concerns without jeopardising their national or regional interests.²

Presently India and the ASEAN countries are faced with similar security concerns. The Chinese naval build-up in the South China Sea and its incursions into the Indian Ocean through Burma, have been accelerated. China's intention of projecting itself as a major maritime power of the region is quite disturbing. After the dismantlement of the Soviet Union and the emergence of a new world order, a number of states in the region are faced with new challenges. They are trying to adjust themselves to a new world order and India and Southeast Asia are feeling similar security and economic concerns. It is in this context that the leaders in India and Southeast Asia believe that the current need is to have good relations between India and the ASEAN member countries.

Moreover this area requires peace and development. Development is possible with the acquisition of new technologies. These technologies can be acquired if there is no diversion of resources for security related expenditures. That will be possible only if the country does not perceive a real threat to its security. To bring about that situation, every

country should show its peaceful intentions through words and actions. If the countries in the region respect each other's sovereignty and security concerns, there will be opportunities for peace and prosperity.

India and ASEAN had differences of opinion and they were on opposite sides during the Cold War. Though India tried to improve its regional relationships and its leaders paid visits to the ASEAN countries, it had limited success. In that endeavour, a firm step was taken by ASEAN when it accepted India as a "sectoral dialogue partner" in its Fourth Summit Meeting at Singapore on 27-28 January 1992. Thus India is able to have a dialogue with ASEAN on promoting trade, investment, scientific and technological cooperation, etc. This will certainly help the two sides to arrive at common perspectives. When Singapore's Prime Minister, Goh Chok Tong, announced that India's application to become a "sectoral partner" was approved by ASEAN, it was occasion for rejoicing in India. South Korea had also been a "sectoral partner" of ASEAN before becoming a fully-fledged "dialogue partner".

It is worth noting that Pakistan and other South Asian countries were also lobbying to become a "dialogue partner" of ASEAN. Pakistan pleaded that it was a former ally of non-Communist Southeast Asia. It was one of the eight members of the Southeast Asia Treaty Organisation (SEATO) and had committed its forces for anti-Communist crusades. Pakistan withdrew from SEATO in 1972, after its debacle in Bangladesh. SEATO became defunct subsequently, after the Communist take-over of South Vietnam in 1975. But the fact that it had committed itself to protect the security of the SEATO partners in the past and was thus an old ally

²India and Southeast Asia have geo-strategic connections of far-reaching ramifications. Indonesia, Singapore, Malaysia and Thailand have maritime borders in the Indian Ocean and thus they are always concerned about the developments there. For an analysis of the security connections between India and Southeast Asia, see, K.M. Panikkar, *India and the Indian Ocean: An Essay on the Influence of Sea Power on Indian History* (London: George Allen and Unwin, 1945).

of the anti-Communist grouping allowed it to seek the status of a "dialogue partner". Pakistan's Minister of State for Economic Affairs, Sadar Aseef Ahmed, had gone to Singapore on the eve of the fourth summit. He sounded out several ASEAN countries about the possibility of joining the grouping in some capacity.³ The Pakistani Premier, Nawaz Sharif, had also visited Singapore earlier and tried to press the ASEAN countries for its inclusion. On the basis of military dominated polity and propagation of Islam they sought affinity with some of the countries and expected that these factors would support them in getting the status of a "dialogue partner". All these factors were important, ASEAN included India as a "sectoral partner" before Pakistan. This surprised the diplomatic circles in Pakistan and India but the region as a whole appreciated the realistic appraisal of the ASEAN decision-makers.

In fact, India's case was supported because of trade, investment and geographic links with the countries in the ASEAN region. The "sectoral partnership" have ushered a new era of commercial, scientific and technological cooperation. But the most important area which has hitherto not been mentioned is strategic cooperation. As mentioned earlier, India shares maritime borders with the ASEAN countries, spreading into thousands of miles. Their joint collaboration to exploit marine resources, fishing, shipping, and conduct patrols might prove useful to the two sides. The joint naval exercises with the ASEAN countries could be a positive effect on the confidence building and boost their sense of security. Malaysia, Indo-

nesia, and Singapore have already taken some initiatives to have strengthened security relationship with India. Their defence officials have visited New Delhi for talks and they have been reciprocated. The Malaysian Defence Minister, Mr. Najib Abdul Razak, visited India in March 1992 and there was an agreement that India would assist Malaysia in strengthening defence forces and in the maintaining of aircraft belonging to the Royal Malaysian Air Force. It was further reported that Indian experts would train the Royal Malaysian Air Force pilots on MiG-29 aircraft.⁴ On the other hand the Royal Malaysian Navy was likely to purchase fast patrol craft boats. An understanding has been reached on sharing Indian expertise in marine commando training, coastal surveillance, anti-piracy operations, weather observation, coastal search and rescue operations, defence of ports and harbours, and shallow water mining capability. India has also offered its coastal surveillance radars and L-70 guns to Malaysia.⁵

Meanwhile a high level delegation led by Indonesia's naval chief of staff, Mochamad Arifin visited New Delhi to explore more effective ways to strengthen maritime cooperation. His mission was followed by the Visit of the Indonesian Minister of Industries, Mr. Hartarto in March 1992. During his visit, India and Indonesia signed a memorandum of understanding to cooperate in the fields of small-scale industrial sector, capital goods, and newsprint industries. India agreed to set up joint ventures in Indonesia for manufacturing equipment required by that country.⁶

⁴*Times of India*, 17 March 1992.

⁵*Times of India*, 23 March 1992.

⁶*Times of India*, 17 March 1992.

³"Pak Bid for Trade Links with ASEAN", *Indian Express*, 26 January 1992.

On the other hand, Singapore has been supporting the idea to include India as a guarantor for the Zone of Peace, Freedom and Neutrality (ZOPFAN) proposed by ASEAN in 1971. Former Prime Minister, Lee Kuan Yew, while addressing the national day rally on 20 August 1989 had stated that there was a need to include India as a guarantor of ZOPFAN because it was a significant military power in the region. India was manufacturing its own MiG-27, T-72 main battle tanks, frigates, missiles and its technologies were quite advanced.⁷

Now that India has become a "sectoral partner", there is every possibility of expanding cooperation and understanding. India will be in a position to participate in the ASEAN foreign minister's meetings and thus will understand the regional perception and demands better. India will get an opportunity to talk to ASEAN leaders more frequently and relations are bound to be strengthened.

In retrospect it is interesting to know why there was so much delay in including India as a dialogue partner. ASEAN which emerged as a non-Communist grouping, did not see eye to eye with India on its policies towards Indochina. India's attitudes and perceptions differed from one another on the question of support to the Democratic Republic of Vietnam vis-à-vis the Republic of Vietnam from 1972 until 1975 and People's Republic of Kampuchea from 1979 to 1989. India was supporting the opposite sides in both cases. India and ASEAN had different motivations and objectives to support one group against another, and neither side was intending to offend each other, yet the relationship suffered. India's endeavour to maintain bal-

anced and cordial ties with the countries in Southeast Asia suffered a real setback when on 7 January 1972 India decided to upgrade the level of its diplomatic mission with North Vietnam, from Consulate General to Embassy level. The anti-Communist forces in the region became apprehensive about the Indian overtures. They did not take it kindly and thus called for dropping India from the International Control Commission (ICC), which had been established for a peace keeping role in Indochina in July 1954. Anti-indian propaganda was effective and India was dropped from the ICC in 1973. Thus India's stand, though realistic, was viewed as pro-Communist. But the Indian prestige suffered heavily when on 7 July 1980, the country gave its diplomatic recognition to Heng Samrin's People's Republic of Kampuchea. This time, ASEAN reaction was very negative. This regional grouping, which had invited India for an observer status in June 1980, and which had been campaigning against Vietnam's military intervention and through this the creation of an illegitimate state, felt unhappy to know about India's diplomatic recognition. At that time, the United States and the Western nations, Japan and China as well as the ASEAN countries had a consensus to oppose the emergence of the Vietnam-supported Heng Samrin regime. They were determined to nullify the creation of a regime illegally installed by force. Thus the United Nations also withheld recognition of the regime led by Heng Samrin, which was in full control over the territories.

Recognition by India was based on three developments. *First*, the regime led by Heng Samrin was the de facto government, controlling most of the areas in Cambodia. *Second*, the recognition of Cambodia had the

⁷*Times of India*, 22 August 1989.

backing of India's public. Congress (Indira) promised the electorate that if the party were to win the election, the new government would recognise the Heng Samrin regime. Congress (I) was given a massive mandate in the 1980 elections and the new government was encouraged to recognise the Heng Samrin regime. *Thirdly*, the socialist countries (the disbanded Soviet Union and East European countries) had also recognised the Heng Samrin regime. Hence India decided to recognise the regime and it became a controversial issue instantly. The ASEAN countries were very strongly opposed to it. The then Chairman of the ASEAN Standing Committee, General Carlos P. Romulo, expressed ASEAN displeasure on 10 July 1980 by saying that the ASEAN states regretted India's untimely decision of recognition.⁸ There were adverse remarks not only in the ASEAN, but also in the American and Western press. Some of them viewed the recognition as dictated or inspired by the Soviet Union and criticised India as a Soviet satellite. India's steps towards recognition were portrayed as a gambit in the Cold War game of the two super powers. There was vociferous criticism of Indian diplomacy in the West. China asserted that India was an ambitious power trying to pursue hegemonistic goals with the support of the Soviet Union. India was perceived as a major threat to the peace and security of the region, desiring to establish predominance over the Indian Ocean. There was adverse propaganda against its naval build-up and thus attempts were made to harm its geo-political interests. Some of the strategic thinkers in the ASEAN countries too expressed serious reservations about India's naval build-up and highlighted its negative impact on the security system of

the region. Although India's endeavours in the Indian Ocean were aimed at providing security to its vast maritime borders and keeping watch on the trespassers, it became a subject of propaganda.

Most of the anti-India propaganda was intentional and misinterpreted. China took full advantage of this state of affairs. It pushed ahead its naval build-up in the South China Sea located on the northeast side of Southeast Asia and pleaded that its endeavours were aimed at countering Indian build-up in the Indian Ocean on the Southwest of Southeast Asia. The Chinese exercises, in fact, directed at projecting its power potential to South and Southeast Asia, indeed posed a real threat to the security system of South and Southeast Asia. Such a build-up have been accelerated after the reported withdrawal of Russia and the United States from the Cam Ranh Bay naval base and Subic Bay naval base respectively. The Chinese are keen to fill up the vacuum with its increased presence in the South China Sea. Its naval installations at Pescadores (Pengshu), Pratas (Dongsha), Paracels (Xisha) and around the Spratlys (Nansha) have been menacing.⁹ China has accelerated its claims of sovereignty over the entire South China Sea, which begins at the southern border of China and ends at the northern border of Indonesia. Moreover the Spratly Islands in the South China Sea are an area of contest and confrontation. Vietnam, Malaysia, the Philippines, Taiwan, and China have claims over parts of the Spratlys. As that area has the potential oil assets and is important for the security of the ASEAN region, Southeast Asian States are apprehensive about the

⁹Woody Islands at the Paracels are being developed as a staging area for operations in the Spratly Islands, *Times of India*, 24 March 1992.

⁸*Hindustan Times*, 11 July 1980.

Chinese claims and naval build-up. But that has not deterred China from pursuing its claims. In March 1992, China passed a bill, entitled, "the law of the People's Republic of China on its territorial waters and their contiguous areas", and arrogated to itself the power to use force to exercise its sovereignty over its far-flung territorial waters including the whole of South China Sea and much of the East China Sea. The law's purpose was to enable China to exercise control over the adjacent areas, and to safeguard state security as well as its maritime rights and interests. Harvey Stockwin¹⁰ has commented that under this law China could militarily seek to exclude all naval vessels seeking to proceed from the Pacific to the Indian Ocean via the South China Sea. It is estimated that about 4,000 merchant ships traverse this passage every month. China, with the support of the proposed law, could impose a surcharge on the oil tankers, which serve as Japan's energy life line and which pass through this sea lane.

All these developments have far-reaching implications for the security of the region, and the ASEAN countries are concerned about it. They are trying to sort out their differences over their maritime borders and the 200-mile Exclusive Economic Zone (EEZ). They are particularly concerned about the future of the Spratlys. Two of the ASEAN States, i.e., Malaysia and the Philippines, are greatly concerned about protecting their rights and ownership of the Spratlys Islands and they attach much importance to them for their integrity and security. Like Vietnam, they too are not impressed with the Chinese logic and claims over the entire

South China Sea. They would prefer to have negotiated settlement and Indonesia has already organised two international workshops to discuss the problem of the Spratlys in the context of the South China Sea and to evolve solutions for resolving the dispute. The first workshop, entitled, "On Managing Potential Conflict in the South China Sea", was held in Bali on 22-24 January 1990 and the second workshop on the same subject was held at Bandung on 15-18 July 1991. The participants at the workshops in Bali and Bandung discussed every aspect of the South China Sea conflict and came to the conclusion that any territorial and jurisdictional dispute on the South China Sea area should be resolved by peaceful means through dialogue and negotiation. Force should not be used to settle territorial and jurisdictional disputes. The contesting parties were urged to exercise self-restraint in order not to complicate the situation, etc.¹¹

Besides the Spratlys, ASEAN has reasons to be concerned about the security connections between Burma and China. Burma, situated on the western frontiers of the ASEAN states, has turned out to be "a strategic extension of China".¹² Beijing's military supplies to Yangon go far beyond the regime's need for small arms to put down insurgencies. Valued at \$1.4 billion, its military arsenal includes F-7 jet aircraft, Hainan class naval patrol boats, light tanks, anti-aircraft guns and armoured personnel carriers. China is also developing Burma's infrastructure, giving itself an easy route from

¹⁰Harvey Stockwin, "China Seeking to be Super Power?", *Times of India*, 9 March 1992.

¹¹Joint Statement of the Workshop on Managing Potential Conflicts in the South China Sea, Bandung, 18 July 1991, Points 4 to 6.

¹²Inder Malhotra, "Political Commentary: Unending Brutality in Burma", *Times of India*, 19 March 1992.

Yunan to the Indian Ocean. It is also building a naval base at Haingyi for its own use.¹³

These reports are disturbing for India as well as ASEAN and therefore more and more strategic interaction with ASEAN are needed. ASEAN is evolving ways to have more dialogues with the dialogue partners in order to create better security environment. They are apprehensive about the ambitions of the regional powers and they would like to deter them their advance. ASEAN, therefore, is trying to retain the naval presence of the United States in order to strengthen its security posture. Though the United States is planning to vacate the Subic Bay naval base by the end of 1992, the ASEAN countries are offering alternatives to retain their presence in the region. They are sure that in the event of American withdrawal, there will be a power vacuum in Southeast Asia. It is in this backdrop that Malaysia has offered its Lumut naval dockyard to service American naval ships and Singapore has permitted greater access of its facilities to the American navy.¹⁴ It has agreed to provide facilities to repair and service American naval ships. Thailand is continuing to maintain its strategic links and is keen to offer facilities at Sattaship Naval Base and Indonesia is negotiating an agreement for ship repair facilities.

On the other hand, India has shown a better understanding of the ASEAN perspective and has initiated strategic interactions with the United States. It has responded favourably to the proposals of General Kickleigher, the former head of US Pacific Command, to pursue a policy of gradually

strengthening ties that are intended to improve cooperation and partnership by the end of this decade, the mechanisms include high-level visits, exchanges, periodic policy reviews, Indo-US army staff talks, and cooperative work in selected areas of common interest.¹⁵ India is trying to develop closer understanding and co-operation with the US. It has already agreed to the proposals for Indo-US Joint naval exercises in the Indian Ocean. All these developments are in line with the policies and interests of the ASEAN countries.

Presently we are witnessing the emergence of a new world order. The Soviet Union is no more and the United States is the predominant power. Thus new moorings and new challenges are emerging and they must be suitably tackled. The United States is committed to support the maintenance of world peace, protect human rights, and remove trade barriers at the global level. President George Bush, in his annual state of the union message to the US Congress said, "But we are the United States of America, the leader of the West that has become the leader of the world. As long as I am President, we will continue to lead in support of freedom everywhere -- not out of arrogance, and not out of altruism, but for the safety and security of our children". He further added that "we will work to break down the walls that stop world trade. We will work to open markets everywhere".¹⁶

These pronouncements have impacts on the global level. As liberalising trade is an important component of the new world

¹³Ibid.

¹⁴Pravin Sawhney, "Malaysian Army: India to Help Modernisation", *Times of India*, 23 March 1992.

¹⁵"The Kickleigher Proposals", *Times of India*, 8 September 1991.

¹⁶"Bush Outlines New World Order", *Strategic Digest* 22, no. 3 (March 1992): 295.

order, the countries in this region are introducing important changes in their economic policies. The ASEAN countries have passed the resolution to establish an ASEAN Free Trade Area (AFTA) within fifteen years through the introduction of the Common Effective Preferential Tariff (CEPT). The ASEAN have identified fifteen products under the CEPT, i.e., vegetable oil, cement, chemicals, pharmaceuticals, fertiliser, plastics, rubber products, leather products, pulp, textiles, ceramic and glass products, gems and jewellery, copper cathodes, electronics, wooden and rattan furniture.¹⁷

These changes have their impact on India as well, where the process of economic liberalisation to attract external trade and investment are being introduced rapidly. As there is relative stability and phenomenal progress in the ASEAN region, India is keen to promote interaction with them. The ASEAN countries are endowed with vast natural resources and Singapore has already emerged as a newly industrialised country (NIC). Malaysia, Thailand, and Indonesia are developing very fast. ASEAN is producing oil on a massive scale. Indonesia produces 1.189 million barrels of oil per day, followed by Malaysia that produces 510,000 barrels, and Brunei 240,000 barrels per day.¹⁸ Besides they have rubber, tin, palm oil, rice, and pulses. Singapore is producing

high-tech items, i.e., computers, and other electronic goods. On the other hand, India is producing capital and transport equipment, industrial plants and machinery for sugar, cement, textiles, and rolling mills, electrical power generating equipment, commercial vehicles, diesel engines and other electrical equipment and components for export.

Indian exports to the ASEAN countries, though very small in volume, are gradually increasing. In 1974-75, Indian exports to Indonesia were worth Rs. 50 to 55 crores, to Malaysia Rs. 28.09 crores, to Singapore Rs. 36.79 crores, to Thailand Rs. 12.32 crores and to the Philippines Rs. 4 crores. The imports totalled Rs. 11.20 crores, from Malaysia, Rs. 7.22 crores, from Singapore, Rs. 2.64 crores from Indonesia and Rs. 9,800,000 from the Philippines.¹⁹ India was also importing about 400,000 tons of rice from Thailand per year from 1971 to 1975. The total exports of engineering goods from India to the ASEAN countries also went up by \$40 million in 1991, from \$105 million in 1989-1990 to \$145 million in 1990-1991. Singapore's imports from India were substantial reaching \$59 million in 1990-1991 from \$44 million in 1989-1990. India's exports to Malaysia were worth \$35 million, followed by Thailand at \$24 million, Indonesia \$19 million and the Philippines \$8 million.²⁰

India's trade with the ASEAN countries as a proportion of its world trade very small

¹⁷The text of the ASEAN's Singapore Declaration of 1992, *Jakarta Post*, 29 January 1992. For an understanding of Indian perception and policies, see, S.D. Muni, "India and the Post Cold War World", *Asian Survey* 31, no. 9 (September 1991): 862-74.

¹⁸*The Far East and Australia* (London: Europa Publications Ltd., 1989), 265, 455 and 636. Also see, R. Berthelot, "Energy Transition in South and Southeast Asia", *Natural Resources Forum* 13, no. 3 (August 1989): 215-26.

¹⁹Ganganath Jha, *Southeast Asia and India: A Political Perspective* (New Delhi: National Book Organisation, 1986), 132-33.

²⁰*Times of India*, 17 May 1991. Intra-ASEAN trade amounted to \$24 billion in 1990, and combined annual output of the ASEAN in goods and services accounted for \$265 billion. For further details, see, *Times of India*, 29 January 1992.

in 1971, standing at 1.5 per cent in terms of the value of exports and 0.39 per cent in terms of the value of imports. These shares rose to 4.2 per cent in the case of exports and 5.2 per cent in imports in 1979.²¹ Though it showed an upward trend there was no appreciable rise in the volume of trade in the 1980s. However, now there is a favourable climate for increasing the volume of trade for mutual benefit. India's exports to Indonesia have been mainly in engineering goods, iron and aluminium ore, machinery and auto components, chemicals and honey. On the other hand, India imports spices, vegetable oil and cement. As far as Malaysia is concerned, India's exports are of engineering goods, manufacture of metal and machinery equipments, fruit and vegetables. The major imports are palm oil and fats, rubber and related products, tin and other non-ferrous base metals. Regarding Thailand, India's exports are of marine products, feed stuff for animals, chemicals, machinery, gems and jewellery. The imports are rice and pulses (Moong and Urad), synthetic fibres, and inorganic chemicals.²² As far as Singapore is concerned India's exports have been non-metallic mineral manufactured items, textiles, yarn, spices, fodder, chemicals and fruits. The major imports are engineering goods, petroleum products, oil rigs for prospecting offshore oil, and certain items connected with ships and aircraft. Finally, India's exports to the Philippines have been chemicals, live animals, fodder, transport equipments and engineering goods. The major imports are vegetables, textile fibres (other than cotton and jute), and copra.

²¹Charan D. Wadhva and Mukul G. Asher, ed., *ASEAN-South Asia Economic Relations* (Singapore: ISEAS, 1985), 273.

²²Ibid., 274.

The volume of trades is increasing and that can be further improved with the understanding and cooperation of Japan and the United States. The latest figures indicate that India's trade with Singapore which was merely \$44 million in 1988 now stands at \$1.5 billion, and is rising at the rate of 10 per cent per year.²³ Again the value of bilateral trade with Thailand, which was worth \$24 million in 1988, stood at \$1 billion in 1991. The trade relations with Indonesia and Malaysia are also expanding, and their figures, which stood at \$19 million and \$35 million respectively in 1988, have doubled now.

Besides trade, there is a vast scope for expanding investment relations between India and ASEAN. Among the South Asian states, only India has substantial equity investments in joint ventures in the ASEAN countries. With the exception of Brunei, India has investments in all the ASEAN countries in a wide range of areas, such as, textiles, cement, paper and pulp, computers, precision tools, chemicals, iron and steel, office furniture. Out of the 222 total Indian joint ventures, about eighty six are located in the ASEAN region.²⁴ Indian investments in Singapore are increasingly in the sphere of high technology areas. Singapore had joint ventures with Indian concerns in the production of welding electrodes, electric fans, sewing machines and automobile accessories till 1985 and subsequently expanded to include manufacturing silicon semi-conductors, rec-

²³*Times of India*, 4 December 1991 and 25 February 1992.

²⁴Wadhva and Asher, *Economic Relation*, 19. Also see, Shobha Ahuja and Bhattacharya, "Trade Complementarities and Prospects for Regional Import Substitution among SAARC-ASEAN Countries", *Foreign Trade Review* 23, no. 2 (July-September 1988): 186-99.

tifiers, kitchenwares, chemical dyes and computers. Its performance has been quite satisfactory and mutually beneficial.

Indonesia has about twenty two joint ventures with India to manufacture textiles, sugar, paper, steel pipes, tubes and rayon. After the recent visit of the Indonesian Minister of Industries, Hartarto, to India in March 1992, new areas of joint ventures were explored and those selected were cotton and synthetic yarn, engineering files, billets and wire rods, steel furniture, rubber rollers, drugs and pharmaceuticals, pump sets, solar system, oil and gas and water heaters. The minister invited Indian businessmen to take advantage of the growing import market in his country, which is presently at US\$4 to 5 billion, by setting up joint ventures there for manufacture of equipments required by that country.²⁵

Malaysia have had the largest number of joint ventures with India to manufacture cotton textiles, steel furniture, glass bottles, electric fans, cycles and palm oil.²⁶ There have been about 34 joint ventures, but after the recent visit of Defence Minister Najib Abdul Razak to India in March 1992, the investment relations expanded in the area of security and defence related technologies.

As far as Thailand is concerned, India has had joint ventures in producing synthetic fibre spinning plants, steel mills and cotton piece goods for a long time. Presently there are 20 Indo-Thai joint ventures in the area of textile manufacture, rayon, chemicals, dye stuffs, iron and steel products, construction

and management. On the other hand, the Philippines also have joint ventures with India in the area of manufacturing transmission line materials, diesel engines, and yarn.²⁷ In recent years, the two countries extended the area of their collaboration to develop cashew plants and dairy products.

Thus we find a considerable level of Indian investments in the ASEAN countries but that is yet to be reciprocated by the ASEAN countries. The ASEAN investments in India have so far been insignificant. Though Singapore, Malaysia and Thailand have evinced interests in joint ventures in South Asian countries, their modest investments are confined to Bangladesh and Sri Lanka. Singapore has joint ventures with Sri Lanka for gems and readymade garments and with Bangladesh for textiles. Thailand and Malaysia have joint ventures only with Bangladesh to manufacture chemicals, electrical goods, footwear, and pencils. Malaysia and Bangladesh also collaborate in deep sea fishing but their joint ventures are yet to be expanded to India.²⁸ India is trying to attract ASEAN to make investments. India's Finance Minister, Man Mohan Singh, recently invited businessmen from the ASEAN countries to invest in Indian capital market for which the procedures have been liberalised.²⁹ India is trying to integrate with the global economic system and improve the investment climate. India, with a population of 800 million, offers a big market, and its development will contribute to regional development and stability. When Brigadier General Lee Hsien Loong, the Deputy Prime

²⁵*Hindustan Times*, 17 March 1992.

²⁶M. Ezhilarasi, "Indo-Malaysia Relations", *Foreign Affairs Reports* 40, no. 3 and 4 (March-April 1991): 1-20.

²⁷*Times of India*, 25 February 1992, and Jha, *Political Perspective*, 133-35.

²⁸Wadhwa and Asher, *Economic Relation*, 262.

²⁹*Times of India*, 24 March 1992.

Minister of Singapore, visited India in March 1992, he expressed happiness to cooperate with India in trade and investment. He hailed the recent economic reforms initiated by India and favoured more collaboration and joint ventures. It transpired during Mr. Lee's visit that Singapore will make investments in India for ship building and repairs and packaging. Lee said that India had the manufacturing capabilities while Singapore had the necessary infrastructure for ship building. In addition, there were great potentials for the development of tourism and maritime interests.³⁰

These developments are considered path-breaking in Indo-ASEAN relationships. If Singapore supports joint ventures in India, it will attract other ASEAN partners as well.

India is also trying to induce non-resident Indians (NRIs) in ASEAN to invest in India. The government has already introduced appropriate changes in its economic policies in the field of foreign exchange regulations (FERA), foreign currency deposits, complete profit repatriation regulations. Indian leaders are also endorsing dual citizenship to NRIs to attract their investments for India's progress. Thus the proper investment climate is in the offing. The Indian Investment Centre, with headquarters in New Delhi and an overseas office in Singapore, is

trying to facilitate investments from ASEAN. It is pertinent to remember that the overseas Indians had sustained the activities of Netaji Subhas Chandra Bose's Indian National Army during the Second World War. Now their cooperation is required to augment the cause of peace and development of an independent India.

It is encouraging that India and the ASEAN countries now have complimentary items for imports and exports and with the economic liberalisation in India, Indo-ASEAN relations are bound to improve. India and ASEAN are on the same side in the emerging new world order and they are expected to forge a policy of partnership, greater co-operation and understanding. India has supported ASEAN in finding out peaceful settlement of the Cambodian crisis and contributed a brigade group (about 3,500 men) a medical battalion, and one army battalion (1,000 troops) for the UN Transitional Authority in Cambodia (UNTAC) for its peace keeping role.³¹ India is showing a better understanding of the security situation in ASEAN and is ready to share the problems. India is keen to work together with the ASEAN countries in security and economic matters. It will be pleased if the bonds linking the age-old region's civilisations are reinvigorated. The status of a "sectoral dialogue partner", may prove a means to that end.

³⁰*Times of India*, 26 March 1992.

³¹*Times of India*, 29 March 1992.

ASEAN-European Community Relations: Some Dimensions of Inter-Regional Cooperation

C.P.F. Luhulima

Introduction

THE establishment of the Association of Southeast Asian Nations (ASEAN) in August 1967 and of the European Economic Community (EEC) ten years earlier show some remarkable similarities. Both were established with clear-cut and specific economic objectives in mind; yet both organizations were politically motivated: in Europe the fear of a repetition of intra-regional strife and the threat of the Soviet colossus in ASEAN the fear of Southeast Asia's political security after the United States military withdrawal from Vietnam. In ASEAN economic factors were submitted as a rationale to step up national resilience, since economics is the weakest link in the chain of factors backstopping national resilience, whereas in the EEC (which since the *Merger Treaty* of 1967 became known as the

European Communities or EC) economic factors were cited as a rationale for moving towards political integration or political union. No wonder that the relations which evolved between the two regional organizations since the early 1970s seemed to be dominated by economic concerns.

Regionalism was thus essentially promoted to further the development of the member countries and to jointly solve problems. By joining regional organizations, a member country expects to become a participant of a grouping for collectivisation of interests -- be it political, economic, cultural --and thus minimally maintain the status it has already achieved while striving to improve upon it by raising its international prestige. The inter-regional cooperation between ASEAN and EC, between a group of industrial countries and a group of developing countries, gave, and still gives, a considerable dimension to the expectations of improving upon raising their international prestige, particularly ASEAN's. The political framework and structure to warrant the

Paper prepared for the Conference on *ASEAN and the European Community in the 1990s*, 19-21 May 1992, Hotel Omni Marco Polo, Singapore.

achievement of the organization's objectives as listed in the Bangkok agreement were thus given a vigorous boost.

The following sections of the paper will highlight three broad aspects of ASEAN-EC: the motivations of regional cooperation and the structural linkages between the two organizations, the factors of independence and interdependence, the political dimensions of regional cooperation, and, finally, the future prospects.

Motivations for Inter-Regional Cooperation and Structural Linkages

The initiation of cooperation between ASEAN and EC was an ASEAN endeavour and started as early as March 1971, at the fourth meeting of the ASEAN Foreign Ministers. It was one year later, at the fifth ASEAN Foreign Ministers' Meeting that the idea of an institutionalized dialogue with the EC was formally approved. In April 1972 a Special Coordinating Committee (SCANN) to conduct an institutionalized ASEAN-EC dialogue was founded. Its task was unambiguously spelled out: "to establish a continuing dialogue on the basis of a joint and collective approach between the ASEAN member countries and the European Economic Community in an institutionalized manner with a view to pressing for the most favourable relationship for ASEAN with EEC."¹ To facilitate the Committee's work, the ASEAN-Brussels Committee (ABC), comprising ASEAN ambassadors accredited to the EC to act as its "outpost" and "arm" in Europe, was also established.

ASEAN's approach was predominantly taken to opening up trading links with the EC: to open up better terms of trade for ASEAN's commodities. Initially, the dialogue aimed exclusively to achieve greater market access for ASEAN's exports and a price stabilization scheme (STABEX) for ASEAN's commodities. Since 1975, with the formation of the ASEAN-EC Joint Study Group, broader areas of cooperation were included: joint ventures in exploration of ASEAN resources, trade liberalization of ASEAN industrial products, the possibility of encouraging some degree of EC participation in ASEAN manufacturing activities and of mobilizing capital for financing ASEAN projects. In the field of trade promotion, ASEAN also sought for EC financial and technical assistance for trade missions, export promotion and market information seminars, buyers' missions, instore promotion, and participation in trade fairs and exhibitions, as well as an EC-assisted ASEAN Trade Promotion Center in Rotterdam. An ASEAN-EC Working Group on Trade Promotion Assistance was set up for the purpose. In the field of industrial cooperation, priorities were given to chemical, engineering, energy, electrical and electronic and resource-based industries. EC was further requested to assist in securing financing in European capital markets for ASEAN industrial projects.

ASEAN's relations with its other dialogue partners were established soon after its relations with the EC. Its dialogue with Australia began in 1973, with Japan in 1974, with Canada and New Zealand in 1975, with the United States in 1977, and a sectoral one (trade, investment and tourism, which would later include development cooperation, transfer of technology and human resource

¹C.P.F. Luhulima, "Political Aspects of ASEAN-EC Cooperation", *Asia Pacific Community* 26 (Fall 1989): 36.

development) with South Korea in 1987. ASEAN's most intense relationship is with the EC.

In the process two additional interlocking motives underlie the initiation of the dialogues: first, to step up the implementation of their national development plans through joint approaches, and second, to acquire the support of ASEAN's dialogue partners' to implement its political strategies.

The EC approach is, according to one study, predominantly focussed on two objectives: the political and economic stability of the ASEAN region and the strengthening of its relations with the Southeast Asian regional organization. With these objectives in mind EC wants to stimulate a "reactive integration", i.e. the mutual promotion of principles of integration. Thus the successes and failures of European integration are expected to become factors of persuasion or dissuasion of endeavors towards integration of regional groupings of developing countries.² Other studies contend that EC motives and objectives of the politics of cooperation is more down to earth. It is motivated by obtaining better access to natural resources, by promoting EC exports and direct investments in the growing markets of the Asia-Pacific region, and by protecting against manufactured goods from the Newly Industrializing Economies (NIEs).³ Thus enlightened self-interest

²Andreas Lukas, "EG-ASEAN, Modell fuer interregionale Zusammenarbeit," in Bernhard Dahm and Wolfgang Harbrecht, ed., *ASEAN und die Ueropaeische Gemeinschaft. Partner, Probleme, Perspektiven* (Hamburg: Schriften des deutschen Uebersee-Instituts, 1988), 61.

³Detlef Lorenz, "Motive und Moeglichkeiten einer engeren wirtschaftlichen Kooperation EG-ASEAN in der Zukunft," in Dahm and Harbrecht, *ASEAN und*

underlie the motivation of both parties for their dialogues.

The signing of the ASEAN-EC Cooperation Agreement in Kuala Lumpur on March 7, 1980 marked the beginning of a new stage in coöperation between the two organizations and their member states on the basis of the above-mentioned motivations. It is a "strong manifestation of the political will of both sides to intensify ASEAN-EC Cooperation".⁴ Of particular importance is the statement in the agreement that "such cooperation will be between equal partners", without disclaiming that it will "take into account the level of development of the member countries of ASEAN and the emergence of ASEAN as a viable and cohesive groping, which has contributed to the stability and peace in Southeast Asia." This new effort was particularly motivated by the urgency of working jointly at the international level to deal with major economic issues, including those in the field of raw materials, energy, trade, development, money and finance and with the issues of development and growth.⁵ However, "such cooperation should be realized in an evolutionary and pragmatic fashion as their policies develop."⁶

One scholar views the Cooperation Agreement essentially as an institutional ar-

die Europaeische Gemeinschaft, 139; see also M.B. Dolan, "The Changing Face of EEC Policies Toward the Developing Countries: Reflection of Economic Crisis and the Changing International Division of Labour," *Journal of European Integration*, 7 (1984): 195.

⁴ASEAN-EEC Joint Declaration, Kuala Lumpur, 7 March 1980 in *ASEAN Documents Series 1967-1988* (Jakarta: ASEAN Secretariat, 3^d ed., 1988), par. 8, 429.

⁵*Ibid.*, par 10, 430.

⁶*Ibid.*, 433.

rangement, as a "means of opening an exclusive channel for the exchange of information and requests between the Commission of the EC and the ASEAN countries' governments, for the bargaining process in mutual concessions and for consultations before unilateral measures are undertaken."⁷ The opening and the individual formation of closer cooperation is typical for economic relations between EC and the non-associated developing countries within what another scholar calls EC's "pyramid of privileges".⁸ ASEAN has cooperation agreements with only two of its dialogue partners, the EC and Canada. (The ASEAN-Canada cooperation agreement was signed in New York in September 1981.) They are broadly similar, covering commercial, economic (industrial in the Canadian one) and development cooperation, running for five years, and renewable for two years thereafter. A Joint Cooperation Committee of senior officials was established to "promote and keep under review the various cooperation activities envisaged between the Parties in the framework of the Agreement".⁹

At the last, the Ninth ASEAN-EC Ministerial Meeting both parties agreed to revise the Joint Cooperation Agreement which was renewed several times, the last in October 1989 for another two years. Both parties agreed that the scope of cooperation be expanded to cover all fields of cooperation thus reflecting the expanded priorities

of both organizations. At the meeting ASEAN proposed qualitative improvements in the JCA in the sense of establishing a mechanism for effective trade consultations, including early warning systems for tariff and non-tariff issues, anti-dumping and countervailing duties. EC objected to the proposal on the ground that the Uruguay Round is still in progress and that a Trade Experts Meeting which meets prior to JCC Meetings still exists. In the field of industry, research and technology and financing of ASEAN projects or ASEAN-EC Joint Ventures, ASEAN requested for better access to EC resources, particularly the European Investment Bank. ASEAN also requested for the establishment of a body to identify complementarity of ASEAN and EC industries with the objective of relocation of EC industries into the ASEAN region, on the model of the Japanese industries to which EC objected. EC also objected to ASEAN's request to allow ASEAN researchers to participate in research on new commercial technologies. The ASEAN Ministers stressed further that cooperation should particularly be focussed on: (1) improving the flow of technical, economic and cultural exchanges between the EC and developing countries in general, including the strengthening of their scientific and technical potential; (2) upgrading of the general economic and regulatory environment for the development of modern industry and services, including foreign investment; (3) direct assistance to economic operators in order to facilitate access to technology, markets and finance, including the creation of joint ventures.¹⁰

Such concentration could, in the ASEAN

⁷R.J. Langhammer, "The Economic Rationale of Trade Policy Cooperation between ASEAN and EC: Has Cooperation Benefited ASEAN?" *ASEAN Economic Bulletin* 2, no. 2 (1985): 108.

⁸Lorenz, "Motive und Möglichkeiten," 138.

⁹Cooperation Agreement between Member Countries of ASEAN and the European Community, in *ibid.*, Article 5, 435.

¹⁰*Joint Declaration, 9th EC-ASEAN Ministerial Meeting, Luxembourg, 30-31 May 1991, Economic Portion, par. 39.*

view, help lead to the strengthening of industrial and investment cooperation between the two regional organizations. The private sectors of both parties were encouraged to participate in the ASEAN Industrial Joint Ventures (AIJVs) in which the duration of a 60 per cent on non-ASEAN equity participation has been extended to December 31, 1993 at EC's request.

Earlier, at the ASEAN-EC Ministerial Meeting on Economic Matters in Bangkok in October 1985, the ministers already stated that increased European investment in the ASEAN region would be "a key element in a long-term strategy to strengthen economic links between the two regions, to promote the transfer of technology and to promote mutually beneficial trade and stressed the need to ensure a favourable climate of investment."¹¹ The economic ministers further agreed to set up a body to "examine investment conditions in the two regions, with a view to identifying any difficulties and to study ways and means of facilitating European investment in the ASEAN countries, especially by small and medium-sized enterprises."¹²

Thus, economic motivations feature strongly in the development of ASEAN-EC cooperation and gained momentum in tandem with the export orientation policies of the member countries and the globalization of the economy.

Dependence versus Interdependence

EC is ASEAN's major trading partner after Japan and the United States of Ameri-

¹¹Joint Statement of ASEAN-EC Ministerial Meeting on Economic Matters, Bangkok, 17-18 October, 1985, par. 15.

¹²Ibid.

ca. EC took 15.4 per cent of ASEAN global exports in 1988, as compared to 22.6 per cent of the United States and Japan's 20.6 per cent. It accounted for 15.2 per cent of ASEAN's global imports as against 19.9 per cent for Japan and 16.8 per cent for the United States. From 1993 to 1988 ASEAN's share of the EC's imports from non-Community countries rose from 2.4 per cent to 3.1 per cent. In 1989 ASEAN's share stood at 3.5 per cent of EC's global imports. (EC accounts for 39 per cent of global imports, the USA 16-18 per cent and Japan only 6-7 per cent) Hence EC is more than a major market for ASEAN's exports. It has emerged as an important market for ASEAN's exports of manufactured products in recent years. They account for more than half of ASEAN's exports to EC since 1985:

THE BREAKDOWN OF ASEAN EXPORTS TO EC,
1980 AND 1980-1988
(Percentage Shares)

	1980	1985	1987	1988
Total Exports of which:	100	100	100	100
Foodstuffs	20	22	22	18
Raw Materials	34	27	20	18
Manufactures	46	53	58	64

Source: *Europe Information* 1/91, April 1991.

While EC's reliance on commodities as wood, manioc, rubber and palm oil remain major export items to EC, it has dramatically been overtaken by electrical machinery and electronic components, textiles and clothing. ASEAN's exports of electrical machinery and electronic components rose from ECU 644 million in 1980 to ECU 1,846

million in 1988, an increase of 187 per cent, compared to a 50 per cent rise in manioc exports and 115 per cent rise in palm oil exports over the same period.

It is in textiles and clothing, however, that ASEAN have recorded the most remarkable gains. Their textile exports to EC jumped up from EC 148 million in 1980 to EC 1,486 million in 1988, an increase of 900 per cent. This is only half the increase the ASEAN countries enjoyed in the period of 1973-1981 when their exports of textiles and clothing rose 1,780 per cent, prior to EC's curtailing of textile and clothing exports from ASEAN by applying the Multifibre Arrangement (MFA) in 1977 to protect this sector of its economy. In the case of clothing the rise was less dramatic: exports rose from ECU 388 million to ECU 1,276 million over the 1980-1988 period, an increase of 230 per cent. ASEAN's share of EC's textile and clothing imports from non-EC countries

went up from 4,5 per cent in 1985 to 7,6 per cent in 1988.

Under the MFA the ASEAN countries had concluded individually with the Community they agreed to limit their exports of the more sensitive categories of textiles to levels specified in the agreements, and at the request of EC to introduce export restraints to other categories in the event of their sales reaching a predetermined percentage of total EC imports. These quotas are fixed in terms of quantity rather than value, the rationale being to encourage exporters to move up-market and thus earn more foreign exchange for the country. Hence, since ASEAN textile and clothing exporters are highly competitive, they would be among the first to benefit from the elimination of the MFA which, however, seems to be more remote after December 1990. The MFA expired on July 31, 1991. The EC Commission aimed to have the

ASEAN EXPORTS TO THE EC UNDER GSP, 1988 AND 1989
(in Million ECUs and Percentages)

	1988	1989	Percentage Change 1989/1988
Total Exports:	12.203	15.173	24
Entitled to Zero Duty*	2.382	2.827	18
Eligible for GSP Treatment	8.348	10.897	30
Received GSP Treatment	3.225	4.572	42
All Semi-Manufactured and Manufactured Products	1.749	2,789	59
Textiles	479	620	29
Agricultural Products	998	1.143	15

*The import duty on products in this group is zero, regardless of origin

Source: *Europe Information*, 1/1991.

MFA extended without any changes for a further 17 months. It also proposed to extend agreements with supplier countries, including ASEAN countries expiring on December 1991 for another year, again without changes.¹³

ASEAN countries are also major beneficiaries of the EC Generalized System of Preferences (GSP) since 1971, an important vehicle for ASEAN exports to EC markets and as a corollary for ASEAN's industrialization. Between 1988 and 1989 total ASEAN exports which benefited from EC's GSP increased by 42 per cent, while the increase in manufactured goods, including textiles and clothing went up by 53 per cent, EC's GSP scheme has a broader product coverage than other schemes (for including textiles, clothing and footwear) and is, indeed, more generous in its treatment of the more competitive developing countries.

ASEAN is, however, asking for more. EC's 1991 GSP Scheme has, ASEAN felt, not fully taken into consideration ASEAN's products of interest. Moreover, the 5 per cent increase in the preferential offer submitted by EC does not correspond to the market potentials created as a consequence of German unification and the consolidation in the Community itself with the creation of the Single European Market in January 1993. ASEAN thus requires EC to broaden its product coverage to include agricultural products (prepared or preserved vegetables and mixtures, preserved pineapples, tapioca, starch, etc.) ASEAN further asked for implementation of the "donor country content rule" to additionally facilitate ASEAN ex-

ports as is currently the practice in the Australian, Canadian, Japanese and New Zealand Schemes. This would further promote increased ASEAN-EC bilateral trade.

EC's intended review of its GSP Scheme for the 1991-2000 period, on the other hand, may include further conditionalities, narrow definition of product coverage, amended or new rules of origin and the concept of graduation which may be detrimental to ASEAN. EC has recently introduced the concept of rules of origin for across-the-board tariffs on non-Community products. The general rule is that the product's country of origin is the country where the "last substantial economically justifiable step in the manufacturing process takes place." One important condition has to be met for a product to become European in origin: it has either to be incorporated into another product, or a substantial valued-added should be conducted in an EC member country. The percentage of valued-added depends on the product in question. However, the general rule is that 40 per cent applies for products not specifically mentioned in any directives. Moreover, tariffs may be imposed on a product if a country where the substantial transformation takes place is a non-EC member country.

ASEAN is concerned with the introduction of these measures. Such measures would produce a twin effect: not only ASEAN exports of products not complying with the rules of origin will be effected, but such measures may result in the diversion of investment from the ASEAN region to EC to qualify for duty-free treatment to EC products.

EC also introduced a regulation to broaden the coverage of anti-dumping

¹³Commissioner Abel Matutes' opening speech at the 9th ASEAN-EC Ministerial Meeting, Luxembourg, 30-31 May 1991, 3.

measures to include anti-circumvention rule. Countries whose products are subject to anti-dumping duties group themselves within EC to circumvent the extra-duty imposed as well as to obtain the status of EC origin. With the inclusion of the new ruling on circumvention of anti-dumping duties has to qualify for the 40 per cent EC local content requirement for it to be considered as of EC origin. The measure, however, permits a producer to avoid anti-circumvention duties by sourcing 40 per cent of the value of the product's components in countries other than those which are subject to such anti-dumping measures. Although only Japanese companies are currently affected by these measures, South Korean and Taiwanese companies are increasingly getting affected as well, and there are fears that similar repercussions will affect ASEAN member countries.

Although ASEAN insists that ASEAN-EC cooperation will be between equal partners, taking into account the level of development of ASEAN's member countries, the statistics and conference statements indicate that the relationship is a more dependent than an interdependent one. This phenomenon is a logical corollary of an interaction between two economic systems of unequal strength. The stronger system invariably wins in this unbalanced equation. This means that any kind of bilateral cooperation between a group of advanced countries and of developing countries, like the ASEAN-EC one, would easily result in a situation in which the weaker system lapses into further dependence on the more advanced one.

EC's economic relations to the non-European developing countries have actually been structured in what was mentioned ear-

lier a "pyramid of privileges",¹⁴ which very clearly show the centre-periphery, the dependency pattern. On top of this pyramid are the so-called ACP (Asia, Pacific and Caribbean) countries under the Lome Convention, followed by the Mediterranean countries. The bottom of the EC pyramid are the other developing countries which only enjoy EC's GSP. ASEAN is structured into this category. EC is reluctant to extend the same relationship to countries other than the ACPs. ASEAN is, after all, not exactly a group of very poor countries. ASEAN's relationship to EC will probably become more aloof after developments in Central and Eastern Europe, after the association agreements extended to Czechoslovakia, Hungary and Poland and which will in time be extended to Bulgaria, Romania and certain member of Commonwealth of Independent States.

Even the ASEAN-EC Cooperation Agreement consists of two levels of agreement. On the one hand, Articles 1 and 2 are general statements of cooperation. In Article 1 the most-favoured-nation treatment, in accordance with the GATT provisions, are codified, and the policy of eliminating trade barriers, particularly the existing non-tariff and quasi tariff barriers, also in the context of GATT up to granting each other "the widest facilities for commercial transactions". (Art. 2) Article 3 promotes closer economic cooperation particularly "through mutually beneficial investments, the encouragement of technological and scientific progress and the opening up of new sources of supply and new markets". It is particularly by the promotion of economic cooperation between the private sectors that is being emphasized, accompanied by such new institutions as the ASEAN-EC Business Council,

¹⁴Ibid., 3.

sectoral industrial conferences and special activities of information exchange and training. Article 4 goes one step further: EC will "expand its cooperation with ASEAN in order to contribute to ASEAN's efforts in enhancing its self-reliance and economic resilience and social well-being of its peoples through projects to accelerate the development of ASEAN countries and of the region as a whole." In other words, the Agreement does not recognize any special relationship between EC and ASEAN.

If one judges the Agreement in the light of cooperation policies, then Articles 3 and 4 appear to have a higher priority in EC's rating. This is not surprising since apart from its intentions, the room of manoeuvre for commercial policies formulation is highly limited. Since the Agreement gives no preference to the international exchange of goods but to most-favoured-nation treatment, institutional promotion of international trade between the two partners are extremely limited. Dolan is particularly harsh in his judgement on EC's objectives in the EC-ASEAN relationship:

Because of the greater industrial development in the non-associated countries, the Community has only granted most-favoured-nation treatment rather than eliminating tariffs and quotas. Fearing the competition offered by these countries and, therefore, the threat to its position in the international division of labour, the EEC has attempted in its cooperation agreements to facilitate European investments and industrial exports, while restraining the manufactures exports from these countries. These conclusions seem to be most apt for Latin America and Southeast Asia.¹⁵

We have, however, to admit that EC has been relatively generous in providing market access to ASEAN's manufactured goods.

EC was, moreover, the first among the industrialized countries to introduce a GSP, on July 1, 1977, and has continually expanded the number of countries and the scope of concessions.¹⁶ Whether EC will take into consideration ASEAN's requests for inclusion of its products of interest into the coming EC's GSP is thus highly debatable.

The Political Dimension of Inter-regional Cooperation

In comparison to economic cooperation, political cooperation has progressed very satisfactorily between the two regional economic groupings. It can be held up as a model for inter-regional relations between economic groupings which contribute significantly to international stability despite significant imbalances to the balance of interests between industrial and developing countries. The growing global political and economic interdependence have led both groupings to strive for greater influence in international politics. ASEAN-EC cooperation will continue to be influenced by intra-regional as well global factors. Both organizations profess to be open for new members, to be market economies and to pursue pragmatic and balanced politics globally, such as in the North-South dialogues. This institutionalized cooperation is, for ASEAN, primarily meant to diversify its political and economic relations, particularly to acquire support for the implementation of its poli-

¹⁶Chee Peng Lim, "ASEAN-EC External Relations: Cooperation, Trade and Investment," *ASEAN External Economic Relations*, proceedings of the Fifth Conference of the Federation of ASEAN Economic Association, Singapore, 30 October-1 November 1980 (Singapore: 1982), 254.

¹⁵Dolan, "The Changing Face of EEC Policies," 196.

tical strategies. Hence its intense relationship with EC, which is institutionalized in the ASEAN-EC Ministerial Meetings and which is held on an annual basis (the first one in November 1978 and the latest one, the ninth meeting in May 1991; the tenth one is being prepared for late 1992) and the Joint Cooperation Committee (JCC) "to promote and keep under review the various cooperation activities,"¹⁷ established in 1980. Such regular ministerial meetings are held exclusively with EC. The other form of regular ministerial meetings are the Post-Ministerial Meetings which are held immediately after the ASEAN Annual Ministerial Meetings (the 6+1 and 6+6 formulae) with ASEAN's other, the Pacific, dialogue partners, and EC.

ASEAN's first dialogue with EC (November 21, 1978) was held in the light of the highly sensitive issue of Indochinese refugees which culminated in December 1978 when Vietnamese forces invaded and occupied Cambodia. The first ASEAN-EC meeting offered an excellent opportunity to internationalize the issue. At that meeting EC recognized the refugee problem and agreed with ASEAN that "efforts for the expeditious resettlement of the refugees require further international consideration and deserve wider support."¹⁸ Hence, EC also came to recognize ASEAN as a "factor of stability and balance" in Southeast Asia, and, therefore, reaffirmed their support for ASEAN's endeavours to achieve self-reliance, progress and stability on the principles of the Bangkok Declaration. World peace, international cooperation and understanding, economic development, social justice and

human rights were also emphasized at their first meeting.¹⁹

At their second meeting in Kuala Lumpur (March 8-9, 1980) which produced a joint statement on political issues, EC ministers brought up the Afghanistan issue. Both sides emphasized the basic principles of interstate relations which are respect for sovereignty, territorial integrity, independence of states, non-resort to force and non-interference in the internal affairs of other states, principles which "are of vital importance to interstate relations."²⁰ Both sides tried to obtain the other side's support for their mutual concern over the "imposition of will on small independent states by foreign powers through the use of force in open violation of international law, thereby threatening international peace and security." They expressed "deep concern over the emergence of new and dangerous sources of tension, at a time when no solutions have been found for other serious difficulties already posing formidable problems" which occurred mainly in the "regions of the Third World" where "a climate of peace and international cooperation is indispensable to the achievements of progress in the economic and social fields." More specifically, the Kuala Lumpur Meeting, and more so the fourth meeting in Bangkok (March 24-25, 1983) provided ASEAN with an excellent opportunity indeed to draw EC attention to the proximity of hostilities, the refugee problem and the possibility of spillover of hostilities in the ASEAN region. ASEAN won EC ministers to their side when they acknow-

¹⁷The Cooperation Agreement, Art. 5.

¹⁸Joint Declaration, par. 13. For statements on ASEAN-EC meetings see *ASEAN Document Series*.

¹⁹Major parts of the foregoing and following analysis are taken from my article "Political Aspects of ASEAN-EC Cooperation," 38 ff.

²⁰Joint Statement on Political Issues, Kuala Lumpur, 8 March 1980.

ledged that the "search for a comprehensive political settlement of the Kampuchean problem" was "motivated by the desire to create conditions conducive to the realization of a Zone of Peace, Freedom and Neutrality (ZOPFAN) in Southeast Asia."²¹

The London meeting, the third ASEAN-EC meeting, had a political significance of its own for EC. ASEAN ministers supported EC on its Council's proposal for an international conference on Afghanistan. EC's proposal for an international conference itself was prompted by three interlocking motives: *first*, it cannot accept an attitude of political neutrality; it cannot opt out of the conflicts in the world, which may threaten its security, its supplies and its trade. Neutrality might be a possible policy for one or another European country, but for EC it is not. *Second*, to show the United States that it is capable of forging an independent, internationally acknowledged unified foreign policy, like ASEAN's on Cambodia. *Third*, to denounce the Soviet Union and expose it in such a way that it will return to earlier efforts to achieve detente with the West. Hence, this will be Europe's contribution to the process of detente.

As was the case with the two previous meetings, the London meeting was more devoted to the Kampuchean problem than to the Afghanistan one. EC ministers had actually wanted to inform the ASEAN side of their perceptions of the changing pattern of East-West relations, especially as to how they affect Western Europe. However, ASEAN's preoccupation with Kampuchea had apparently prevented them from doing so. This was more pronounced at the Bang-

kok Meeting on March 24-25, 1983, most probably by the closer proximity to the scene of the conflict and the Khmer refugees influx. Nine paragraphs of the Joint Declaration were devoted to the Kampuchean and refugee problem against only one of Afghanistan. However, the European side succeeded in introducing the Middle East problem in the discussions to which the Joint Declaration devoted two short chapters. Thus ASEAN's need for EC's support for its Kampuchean policy is amply fulfilled by the ASEAN-EC ministerial meetings, by the Willingness of the Europeans to lend a willing ear to ASEAN's political preoccupation.

The London meeting also had its own significance. EC foreign ministers preferred to limit the ministerial deliberations to political issues. Economic discussions were deliberately kept in broad terms, on the global economic situation in general. The economic specifics were left to EC's Commission in Brussels. However, ASEAN's predominance over the ministerial meetings prevented EC from adhering to their pledge. The meeting in Dublin (October 15-16, 1984) did devote only three paragraphs on ASEAN-EC Cooperation Agreement. The greater part of the Joint Press Release dealt with international relations (Cambodia, Afghanistan, Middle East, East-West relations) and international economic relations, although inter-regional trade matters were reported under the headings of GSP, trade promotion and commodities.

The sixth meeting in Jakarta, however, discussed the outcome of the ASEAN-EC Ministerial Meeting on Economic Matters which was held in Bangkok in October 1985. The economic ministers devoted their meeting primarily to increased European investment in the ASEAN region, their com-

²¹Joint Declaration of the Fourth ASEAN-EC Ministerial Meeting, Bangkok, 25 March 1983, par. 11.

mitment to maintain open trading systems and improvement of market access, human resource development, science and technology and tourism. ASEAN is interested in having more regular and frequent meetings between ASEAN and EC economic ministers. ASEAN felt that with the global changes since the latter half of the 1980s and the fundamental changes in the international economic scene it had become imperative for ASEAN and EC to have more substantive and in-depth deliberations on certain dimensions of ASEAN-EC economic relations. EC is agreed to such a meeting on the provision that it was *ad hoc* in nature and that it will not duplicate the discussions of issues tabled at the ASEAN-EC ministerial meeting. Both sides, however, agreed to deliberate further on how best to integrate the work of the economic ministers with that of the foreign ministers in economic matters.

The discussions on Cambodia and Afghanistan keep dominating the ministerial meetings. At their eighth meeting in Kuching, Malaysia (16-17 February, 1990), ASEAN and EC were of the view that the snowballing developments in Central and Eastern Europe had affected Vietnam who had begun to re-examine their policies, recognizing the importance of economic development to their national security and realizing that the Soviet Union could no longer relied upon to meet its needs. EC is of the opinion that in these changed circumstances it was important for them to establish diplomatic relations. Both ASEAN and EC should try to normalize relations with Vietnam on a step-by-step approach to encourage Vietnam to move onto the path of economic reforms. ASEAN, however, urged EC to consider the diplomatic move until after the Informal Jakarta Meeting and the next Paris Conference. ASEAN was afraid that diplomatic

recognition would send a wrong signal to Vietnam, particularly vis-à-vis the Cambodia problem. ASEAN was for a step-by-step approach to signal Vietnam that it need to fulfill its obligation to accept back its board people and to withdraw from Cambodia. EC agreed that one should exercise caution in approaching Vietnam politically.

The Tiananmen incident was also highlighted by the eighth meeting. EC had imposed a trade embargo, suspended military cooperation, postponed new cooperation projects and stopped high level government contacts with China. EC believed that China could not be isolated for a considerable length of time taking into consideration its influence and impact on the countries in the regional and beyond. It stressed, however, that it cannot take a "business as usual" attitude with China on account of the Tiananmen incident (respect for human rights). ASEAN was of the opinion that countries that wish to punish China by way of isolation and sanctions should, however, consider the implications of such policies on the Chinese people, particularly in the long term.

EC's preoccupation with respect for human rights also bright up the developments in Myanmar. ASEAN is of the view that economic sanctions would weaken the political and economic base of Myanmar's democracy in the long run. It is important for ASEAN to assist the country in opening up its economy and becoming part of the international community after decades of isolation. For EC the important point is that Myanmar leaders pay attention to the people's freedom to bring about the lifting of the West's embargo on financial assistance. EC thus requested ASEAN to play an important role in strengthening the

dialogue with Myanmar to bring about the opening up of the country and to delay the prospect of Myanmar joining ASEAN until full democracy and economic liberalization are restored.

Extensive discussions were also devoted to the Soviet Union, Central and Eastern Europe and disarmament and arms control. EC viewed the agreement on disarmament and arms control as a result of the improvement in East-West relations but cautioned that nuclear weapons could only be reduced, not eliminated. Concern over the wide use and proliferation of chemical weapons was also expressed. The dramatic changes taking place in both Central and Eastern Europe indicated that Europe had now entered a new era to open up endeavours to work towards a new European architecture, socially, politically, economically, and in the security area. ASEAN cautioned that in assisting the European countries, EC should not leave out the Soviet Union.²²

At the ninth ASEAN-EC ministerial meeting in Luxembourg (30-31 May, 1991) two factors have undeniably emerged very strongly in the individual and collective foreign policies and development policies of EC and will become important factors in international relations, namely the question of human rights and environment. This does not mean that the previous political and security issues were not discussed. Those issues have meanwhile become routine topics and were addressed as strongly as in previous meetings. But the question of human rights and of the environment came out equally strongly, if not more on the part of EC to which ASEAN equally strongly reacted. EC

was insistent that the right to question the application basic human rights is perfectly legal and is a matter of international concern. Hence, to question issues of human rights should not be considered as intervening in the domestic affairs of other countries. EC also linked human rights with democracy and development assistance at the meeting. ASEAN contended that in the developing countries there are other fundamental rights and concerns besides certain civil and political freedoms. Ali Alatas, Indonesia's foreign minister, who spoke on human rights on behalf of ASEAN said that equally urgent attention should be given to:

"the right of the vast majority of the people to be free from want, from hunger, from ignorance, from disease and backwardness, the right to development, the right to be free from external political and economic coercion in pursuit of their development in an atmosphere of peace and national stability. Precisely because human rights are indivisible no singular emphasis should be put on certain aspects of those rights only."

He referred to the 1977 United Nations Resolution 32/130 which says (Operative paragraph 1, sub para d) that: .

"human right questions should be examined globally, taking into account both the overall context of the various societies in which they present themselves as well as the need for the promotion of the full dignity of the human person and the development and well-being of the society."²³

Alatas would like to stress that the application of human rights in the advanced countries differed from that in the developing countries. And ASEAN-EC dialogues could be constructive if these fundamental differences are taken into consideration.

On the new security structures after the

²²Joint Declaration of the 8th ASEAN-EC Ministerial Meeting, Kuching, Malaysia, 16-17 February 1990, par. 3.

²³Intervention by Mr. Ali Alatas, Foreign Minister of Indonesia on Human Rights at the 9th ASEAN-EC Ministerial Meeting, 4-5.

demise of the Cold War ASEAN was of the view that the institutions and patterns of accommodation and integration in Europe could not be transferred into the Asia-Pacific area on account of the obvious differences between the two regions. There never had been a bi-polar structure in the Asia-Pacific region, nor contending multi-lateral security arrangements with more or less symmetrical force structures, such as NATO and the Warsaw Pact. And it was because of this asymmetry that it had been impossible to achieve arms limitation trade offs and such a mutual arrangements as the Conference on Security and Cooperation in Europe (CSCE). The Asia-Pacific region consisted of a complex cross-cutting of heterogenous cultures and social systems and the presence of quite a number of unresolved conflicts and tensions. While most of the region's economies did display a remarkable degree of dynamism and growing interdependence, the forces of regional integration are still weak. Moreover, there is still a limited sense of common identity or common destiny or purpose. However, ASEAN was inclined to concur that while Europe's institutional processes and security patterns could not be easily translated into the Asia-Pacific region, the habits of closer and more structured consultations on matter of comprehensive security could certainly be put into practice in the region. In this exercise, ASEAN was convinced that the proposed Zone of Peace, Freedom, and Neutrality remained highly relevant.

In contrast to the economic dialogues, where ASEAN put itself mostly at the receiving end of the relationship, the political meetings can indeed be held up as a model for inter-regional transactions between groupings of advanced and developing nations on a equal footing. Both sides tried to

advise each other on approaching the various political and security issues in their respective areas. ASEAN has indeed succeeded in obtaining support for the implementation of its political strategy on Cambodia, just as much as EC has succeeded in acquiring support for its stance on Afghanistan. There are certainly differences of opinion, such as on South Africa, Myanmar, the application of human rights environment and other issues, but such differences were discussed among equals. On the other hand, the arguments in the political meetings are devoid of the demands of an economically weaker partner, for priveleges in acquiring freer access to the markets of the economically stronger counterpart. This two-pronged character of ASEAN-EC relations has, moreover, manifested itself as a model for constructive, non-confrontative North-South dialogues. In all the efforts to find political solutions, the United Nations as an overall conflict-resolving or conflict-diffusing institution are constantly commended and referred to.

Prospects for Future Initiatives

The ASEAN-EC record of transactions is conspicuous for a number of reasons. It started with opening up trading links which expanded into commercial, economic and development cooperation, yet without specific endeavours to improve upon inter-regional machinery of cooperation. It is successful in forging far-reaching convergence of political interests through the creation of the ASEAN-EC ministerial meeting. Most remarkable of all, however, is the fact that it brought about cooperation between regional organizations with different geographic priorities. ASEAN may only rank fourth in EC's pyramid of priorities, after the Atlan-

tic, the ACP countries, the Mediterranean countries and the Middle East. It may have sunk lower even as a consequence of the spectacular developments in Central and Eastern Europe.

Neither does EC rank high on ASEAN's list of regional priorities. ASEAN's "rice-bowl" is indisputably in the Pacific. Over 70 per cent of ASEAN's exports go the Asia-Pacific region. Asia's NIEs are superseding Europe in trade and investment in the ASEAN member countries. ASEAN itself is trying to significantly increase intra-ASEAN trade through the ASEAN Free Trade Area in which tariff levels will have been reduced to an effective range of 0-5 per cent over a period of 15 years. The AFTA is as a matter of fact ASEAN's response to economic regionalism with protective tendencies. Europe 1992 and the North American Free Trade Area (NAFTA). APEC and PECC (Pacific Economic Cooperation Conference) are two loose Pacific organizations for promotion of trade and economic cooperation without block-forming tendencies in which ASEAN is strongly involved.

If the conclusion of the Uruguay Round remains unsuccessful, then world trade, and as a corollary ASEAN-EC trade, will be highly dependent upon bilateral commercial and economic agreements which in many instances is unfair for the weaker partner. That is the reason why it is very important for ASEAN to persuade EC and the United States to come to an agreement on the issue of subsidies for agriculture in EC and for services (direct or indirect) in the USA. However, if ASEAN keeps putting itself at the receiving end of the relationship by way of continuously emphasizing its need of being a beneficiary of the EC GSP, then it may prevent ASEAN from fully exploiting the com-

parative advantages it already enjoys in an increasing number of industries. Hence correction of present biases should be given highest priority.

However, if a successful conclusion of the Uruguay Round is possible in the near future, then the next important step ASEAN will have to take is to improve upon its machinery. The various, hierarchically technical levels in the machinery seem to be a major cause for disappointment and frustration which is as a matter of fact magnified by the problems of national interests. Any endeavour to optimize the benefit of this inter-regional dialogue will need to review the various components of the machinery hitherto engaged in economic cooperation. Political will is naturally a very important factor in this exercise. Greater political will in strengthening ASEAN's organizational structure had been expressed at the Fourth ASEAN Summit in Singapore in January 1992. ASEAN heads of governments have strengthened and elevated the position of the ASEAN Secretariat. The Secretary General of the ASEAN Secretariat has officially become the Secretary General of ASEAN, and as such he become the acting chairman of the Standing Committee between its first and last session when it is chaired by the foreign minister of the host country. However, whether the strengthening of the Secretariat will lead to the centralization of commercial and economic policy formulation in this body is still questionable. The ASEAN Senior Economic Officials Meeting (SEOM) is now directly responsible for economic cooperation. The five economic committees formerly responsible for economic cooperation have been disbanded. And there are no clear guidelines on the relationship between the ASEAN Secretariat and the SEOM after

the Singapore decision. Nor is it clear whether it is still the Standing Committee or SEOM that is responsible for economic cooperation with the dialogue countries. Most probably it is still the Standing Committee and, hence, ASEAN's Secretary General that will be responsible and liable for the preparation of the coming ASEAN-EC Ministerial Meeting and the revision of the Joint Cooperation Agreement. But it is SEOM that is responsible for the realization of the AFTA Agreement. Clear guidelines on this division of responsibilities are imperative.

The major issues that need to be addressed in subsequent ASEAN-EC economic encounters are the mutual opening of markets and the revision of the Joint Cooperation Agreement. Highlighting human resource development, joint research and development, and the importance of economic and industrial cooperation should be given high priority. Greater emphasis should equally be given to economic cooperation and scientific and technological dialogues and the provision of easier access to information should be promoted. Future cooperation programs should, if possible, be fewer in number but larger in scale and on a multi-annual basis and should reflect more appropriately the main priorities in ASEAN-EC cooperation. ASEAN should also improve the conditions for private business operators which means the promotion of more liberal investment agreements, particularly for small and medium enterprises (because of their greater flexibility and easier adaptability to local conditions) and the finding of ways and means to improve the legal and financial conditions and commercial competition by way of training, human resources development and technological intercourse.

The ASEAN-EC dialogues should also look more closely into the issues of debt relief which seems to have broader support in EC than in the other advanced countries.

ASEAN countries should, however, continue their deregulation policies. Issues of special and differential treatment should be given prime importance in their trade talks and negotiations. ASEAN member countries have achieved a great deal indeed in terms of trade liberalization. They have responded positively to negotiations on intellectual properties as a part of improved protection of foreign rights. What is of greater importance in this respect, however, is that ASEAN prepares itself for the demands for reciprocity which will heighten their credibility when asking for trade concessions and development assistance from their developed dialogue partners.²⁴

However, ASEAN should withstand the temptation to closing separate deals in their dialogues with EC. ASEAN-EC dialogues should be directed to facilitate rather than to hamper the success of multilateral talks in the context of GATT. ASEAN should, moreover, prepare itself to face the issues of human rights, environment and democracy brought up in its recent dialogues with EC. ASEAN should define its position on human rights on the basis of the UN resolutions, on environment and on democracy in order to meet EC on an equal footing. Only in such a way can ASEAN delink human rights and environment and democratic issues from economic and development assistance.

²⁴C.f. Djisman S. Simandjuntak, "ASEAN-EC Economic Relation in the Context of Multilateralism." Paper presented at the One Day Seminar on European Single Market 1992 and its Impacts on International Business, Faculty of Economics, University of Parahyangan, Bandung, 28 September 1989.

The Importance of Being Non-Aligned

Bunn Nagara

THE Cold War had consumed enormous economic resources and wreaked terrible social consequences. Its history is a tragic record of missed chances and wasted opportunities, a veritable catalogue of distorted precepts, perverse priorities and retarded development. For many, it had been the Lost Decades. Yet apparently, because of the enormous scale upon which the Cold War had been played out, certain commentators are now attributing almost mythical proportions to the end of the Cold War.

They readily surmise that because the Cold War was of a grand design, the end of the Cold War must also be of a grand design. Some insist that history has ended; some others argue that the Non-Aligned Movement has lost all justification. Even granted that the Cold War's demise is an important development for the world, too much can be read into it in excess of what it deserves. If the Cold War was a tragedy for the postwar world, the denial of non-alignment in the post-Cold War world would be a similar

tragedy for a humanity that values peace with national sovereignty.

First, those who now see the movement as irrelevant regard NAM as simply a result of the Cold War. If the Cold War has ended, so their logic goes, then so should NAM.¹ This is an example of markedly Eurocentric tunnel vision, a superficial linkage of two very different issues. The vast majority of the human race, represented now by NAM and even more by the spirit of non-alignment, cannot realistically be reduced to a rump of bilateral relations between two countries, even if these had been superpower relations.

The notion that NAM countries represent only that "no man's land" between two ideological blocs is demonstrably false. It is also a remnant of imperialist thinking to suppose that the range of histories and wealth of cultures within the movement are

¹Gregory Copley, "Ramifications of the End of the Non-Aligned Movement," *Defense & Foreign Affairs* (August 1990).

reducible to vassal states of one or the other superpower. How realistic is this cynical view?

In the past, even when both superpowers dismissed the case for non-alignment (particularly at its inception), the movement went on to exert considerable impact on international relations, notably in the 1960s and 1970s. Now, an important "peace dividend" accruing from non-alignment is rapid development in Japan and several other East Asian economies.

The opposite is equally clear: not only has the Cold War arms race bankrupted the Soviet Union, but the misallocation of resources it represented has also contributed to the United States' economic and industrial decline.² There is every indication that peace dividends from non-alignment will continue, regardless of geographical location or ideological preference. As the Cold War raged, NAM's profile dipped; logically also, the decline and end of the Cold War in the new "unipolar moment",³ should also imply, or necessitate, the rebirth of NAM.

Second, critics of NAM almost invariably equate non-alignment with simple neutrality. Unknown to them, NAM began -- with its very first conference in Belgrade in 1961 -- as more than a neutralist concept. It was meant to advance beyond its predecessor, Neutralism.⁴ Non-alignment as a cause would be an activist position, and not

the kind of passive doctrine that Neutralism represented.

"Equidistance" from the two superpowers was not the aim, as both Indira Gandhi and Jawaharlal Nehru well understood.⁵ In today's terms, NAM would be a "pro-active" force, for its members and in their relationship to the two superpowers. "Dynamic non-alignment" was coined upon the official inception of the movement. Historically, then, NAM was never "simply a neutralist idea." It was instead founded upon a distaste for the limitations of Neutralism, and to proceed instead from a positive connotation of acting as a global catalyst for peaceful change.⁶

Third, the spirit and intent of non-alignment had already been articulated in 1946 by Nehru, then Prime Minister of India, as a way of explaining India's foreign policy objectives. Nehru's India then went on to become an active co-founder and eloquent advocate of NAM. The Afro-Asian Conference in Bandung in 1955 later gave more scope and form to the non-alignment idea, by then a project that would be embraced by a global community of nations. It is important to remember that while decolonisation was a central basis of NAM, the Cold War -- or rather, the aversion to Cold War bipolarity -- only helped shape or colour (albeit strongly) the form that NAM would take.

Through these events, the Eurocen-

²Johan Galtung, personal communication (Peace and Conflict Studies Seminar, Uppsala University, May 1992. Paul Kennedy and others have chronicled the decline of the United States, while Galtung and some others argue that the United States has also not escaped the debilitating effects of the Cold War arms race.

³Charles Krauthammer, "The Unipolar Moment," *Foreign Affairs* (1990/91).

⁴Lyon, P.H., *Neutralism*, Leicester, 1963.

⁵I. Kovalenko, "Nonaligned Movement -- A Major Factor In World Politics," *Far Eastern Affairs*, no. 1 (1986).

⁶Brij Mohan Kaushik, "Non-alignment and Disarmament," *Strategic Analysis* VIII, no. 10 (New Delhi: Institute for Defence Studies and Analyses, January 1985).

tralised Cold War grew from a peripheral phenomenon to an adjunct of foreign policy orientations in the developing world, but it remained a separate and distinct proposition from NAM itself. Amid the claims and arguments that NAM is no more than a by-product of the Cold War, a re-reading of the movement's history is warranted. In its founding in 1961, at both the preparatory ministerial conference in Cairo in June and the summit in Belgrade in September, NAM declarations expressed an aversion to Cold War bipolarity only as a caveat to any possible military cooperation with any of the superpowers, rather than as a defining feature of NAM identity itself.⁷

The Indian Example

Because India had long been active in NAM, it is now actively debating the contemporary merits of the movement. Apart from their apparent misreading of NAM's history, Indian doubters of NAM's "relevance" proceed from particularist positions unique to India itself, *vis-à-vis* the movement. It is useful to examine these positions more closely to understand better their limitations.

India embarked on the path of non-alignment not only for idealistic reasons, but also for very pragmatic ones. Geographically, it was a huge country with a big and diverse population, such that if India allowed itself to be influenced or manipulated by either superpower into confrontational postures, provocative actions or proxy wars, the consequences would be comparably disastrous. Nehru considered India's size to

be a factor in its omnipresence in Asia,⁸ and in its manifold significance over a range of issues.

Economically, India was a poor country that could not afford to divert scarce resources into costly and unproductive defence industries, or to allow a security dependence on a superpower patron to develop. Geopolitically, India was situated close to the Soviet Union while politically its leaders and elite were schooled in Western methods and style; and further, it shared a long border with that regional giant, China. All of these factors -- geographical, economic, geopolitical and political -- remain as true for India today as before. Where, then, is the basis today for its retreat from its firm position in NAM?

Just as India's early adherence to the cause was highly particularistic, its seeming indifference to NAM now is likewise deeply unique to India itself. Militarily, supplies had depended appreciably on the Soviet Union. With the swift disappearance of the USSR, this meant a natural drift to the United States, both logically in terms of gravitational pulls between competing spheres of influence, and pragmatically to ensure a steady supply of conventional arms to Delhi. Economically, India also seeks continued access to IMF loans, which Washington can be instrumental in facilitating -- or denying.⁹

Geopolitically, India sees the end of the

⁸See P.S. Jayaramu, "Relevance of Non-alignment in India's Foreign Policy," *Strategic Studies Journal* 4, nos. 1 & 2 (Aligarh, India: Centre for Strategic Studies, 1991).

⁹Sunanda K. Datta-Ray, "In the Ashes of Nonalignment, a US-India Embrace," *International Herald Tribune*, 6 March 1992.

⁷I. Kovalenko, "Nonaligned Movement."

Cold War as triggering a need to diversify its foreign relations, particularly in regard to security matters -- and this explains its recent participation in joint naval exercises with Australia in the Indian Ocean. Another instance of India's pragmatic non-alignment came early when China tested India's commitment to the cause: in their 1962 war, Delhi steered a course that secured military assistance from the United States during the war, and from the Soviet Union soon after. This was said to be "a perceptible gain" from India's NAM membership,¹⁰ even in its first crisis of NAM identity. If India has now opted for closer (in particular military) relations with the United States, it is likely to be for some other "perceptible gains", perhaps an easing of US pressure on India's nuclear programme, rather than Delhi's wholesale repudiation of non-alignment as such.

For Indian commentators to argue that NAM is now irrelevant for the rest of the world, or even for India itself,¹¹ is somewhat unreal if not disingenuous. It might help to disguise some of India's needs and desires (or simply to underrate its interests), but it also obscures current realities confronting the post-Cold War world, and the developing world in particular.

Attacks on NAM

Even at the height of the Cold War, it had been argued that NAM had lost its credibility and moral authority because several member states had effectively

become client states of one or the other superpower. This was an argument advanced typically by right-wing Western opinion leaders, invariably against "dubiously close" relations between certain NAM members and the Soviet Union (though curiously not between certain other NAM states and the United States). With the end of the Cold War, this competitive recruitment of client states from the NAM membership had stopped -- though not the recruitment as such by the remaining superpower, the United States, for its own grand designs.¹² Thus while the need for non-alignment remains, the old argument that rival blocs of client states negated its rationale no longer stands.

There are other implications and nuances to be considered. Indira Gandhi, a staunch advocate of NAM, had even conceded that the movement had become too large and unwieldy, thus diluting its purpose. This was particularly true when membership swelled to include states that were not fully committed to the cause.¹³ This dilution of NAM's purpose was, and remains, a greater threat to the movement's integrity and future than the end of Cold War rivalry can ever be said to be.

A crude argument against NAM, even as the Cold War raged, cast the movement as no more than a collection of newly independent, impoverished states railing predictably against Western Powers. This was intended

¹⁰P.S. Jayaramu, "Relevance of Non-alignment."

¹¹See for example Ramesh Thakur, "India After Nonalignment," *Foreign Affairs* 71, no. 2 (Spring 1992).

¹²J. Galtung, personal communication. After the United States had expended considerable political, diplomatic and financial resources to mount an unprecedented coalition of military forces against Iraq in the Gulf War, several other locations might experience a similar overkill: among them, Libya, Yugoslavia, and North Korea.

¹³I. Kovalenko, "Non-aligned Movement."

to present NAM as a redundant club of irresponsible rhetoricians. Because NAM emerged in part from the decolonisation process, it was naturally wary of the undue influence of the major powers. Such elements as Nehruvian socialism, Titoism and Nasserite pan-Arabism combined in a broad nationalist front to advance the legitimate interests of the smaller states, particularly as they related to the imperialistic and neo-colonialist tendencies of the big powers.¹⁴ This remains a vital rationale for the movement in a world of two, three, just one or ten superpowers, since NAM's primary concern is superpower-to-small-state relations.

Another crude criticism against NAM, again typically by conservative Western detractors, is that the movement contains too diverse a membership to amount to any consensus apart from periodic tirades against (Western) colonialism. It is said that members come from different continents, faced different problems, harboured different interests and professed different aspirations. This criticism is possible only if one suspended all experience of colonialism, ignored any reality of neo-colonialism, and rejected all legitimacy for national self-determination. Perversely, such criticism of NAM's diversity comes from Western quarters, which have long tried to preach the merits and virtues of democratic pluralism to the world.¹⁵

Yet despite the sense of community prevalent in NAM, member states have not

¹⁴Although Kovalenko overstates the case in the closing stages of the Cold War, the anti-imperialist element in NAM, which is quite clear and legitimate, is not a matter of dispute.

¹⁵Joan Frawley Desmond, "Last Call for the non-Aligned," *Asian Wall Street Journal*, 12 September 1991.

sought to form a confrontationist bloc -- quite unlike the habits and predilections of the West, home of the Cold War. If attempts had been made to form such a bloc, NAM would have faced further chastisement. There were no such attempts, so NAM was instead ridiculed as being too disparate a movement to mean anything sensibly coherent.

A highly disingenuous point against NAM argues that it has "proven ineffective" in quelling violent strife in countries like Yugoslavia. The irony, it is suggested, is that even when Yugoslavia was an important founding member of the movement, NAM could do nothing for it. This results from a gross misinterpretation of NAM, its origins and its purpose. NAM was from the beginning a foreign policy orientation, not an instrument for intervention. Further, it has long become axiomatic that no state should interfere in the internal affairs of sovereign states. Neither can it be said that Yugoslavia's conflicts are a result of Belgrade's earlier activism in NAM.

It was never the purpose or function of NAM to settle internal differences in countries like Yugoslavia. It can instead be argued that precisely because NAM did not intervene in Yugoslavia, it proved its adherence to principle, despite the odds. Given that it is more the purpose and function of the UN Security Council to stop such conflicts as those in Yugoslavia, there is curiously no criticism of the UNSC in its failure of duty. NAM member states might be forgiven for thinking that perhaps this is only because these Western critics see the UNSC as their own. Selective criticism is not new -- UNESCO was consistently and dramatically attacked a decade ago, but never the UNSC.

Snide attacks on NAM have been heard over many years, and these can now be expected to grow in volume and frequency. NAM's detractors appear to be emboldened by the Cold War's demise. As before, the problem with their untenable criticism is that it serves to weaken NAM sovereign states' resistance to superpower (US) recruitment of allies from the NAM fold. Because detractors might now sound more persuasive, and because a one-superpower world can be so much more destabilising in the absence of a countervailing power, the cause of non-alignment is more important than ever. Through either innocent or duplicitous attacks on NAM, the movement's alleged "irrelevance" today can slip into a self-fulfilling prophecy. In a unipolar world where the influence of states in multilateral organisations is increasingly unequal, the renewed importance of non-alignment should be patently obvious.

The Real World's Realities

In considering whether a movement is "still meaningful", it is necessary to examine the fundamentals of its founding. The post-Cold War world is still a superpower-mediated order, even if that ordering is sometimes irregular and not always predictable. NAM itself was based on five principles: independent policy of states based on peaceful coexistence and non-alignment; support for national liberation movements; no membership of military alliances framed by superpower rivalry; no membership of any regional or bilateral defence alliance to be concluded exclusively framed by superpower rivalry; hosting of any foreign military bases should not be framed by such

rivalry.¹⁶ These principles, as with the ten points at Bandung six years before, are as relevant today as ever.

The non-aligned cause is not about launching a bloc's collective clout against the legitimate interests of any superpower or regional superpower. That was not the intention at Belgrade in 1961, nor should it ever be of NAM. Owing to its purpose and constituents, the movement can only resort to the force of moral persuasion, and to do much of the persuasion through example.

However, in promoting self-determination and protecting national sovereignty, NAM countries have seen the global scenario change only to make things more the same for them. The Soviet Union was replaced by the CIS such that Russia teamed up with the United States in the UN Security Council against Iraq, and possibly on other US-motivated foreign initiatives -- Libya, North Korea, and elsewhere -- and prospectively also in the G-8 (the G-7 plus Russia). The indistinct "third voice" that NAM represented in the world would then become an indispensable "second voice",¹⁷ since a Washington-Moscow partnership would make such a role essential for the smaller sovereign states.

The spread of NATO's self-assumed jurisdiction and sphere of action beyond Europe is also cause for concern for the developing world. The US-led European military organisation, an instrument of Cold War bipolarism, not only renewed itself after the Cold War but also decided in June 1992 to expand operations beyond Europe.

¹⁶As summarised by I. Kovalenko, "Non-aligned Movement."

¹⁷Alan Gabriel Garcia Perez, "Detente and Non-Alignment," *International Affairs* (April 1990).

Thus the greater need for a global moral authority that NAM would represent.

George Bush's New World Order project was aired briefly and then shelved abruptly, thanks to embarrassment from the publicity. Nonetheless, the Pentagon's master plan for world policing has continued undaunted.¹⁸ Washington might not succeed in achieving post-Cold War domination of the world, even of a unipolar world, with considerable diplomatic resources, and with the world's most formidable armed forces. But in attempts to impose a set order, a failing world power could -- through traumatic dejection, desperation and frustration -- pose severe dangers and cause serious damage to the rest of the world.

Conclusion

After more than 30 years, NAM can no longer simply languish in interminable rounds of international conferences. Its role is still hardly fulfilled, so there is no basis for its retirement. Greater professionalism in the execution of tasks is in order. Words and wishes must translate into action, measures, policies and pressure; planning and coordination must replace posturing and clichés. This also means that a re-affirmation of non-alignment could come more strongly from states acting to do what is necessary to promote NAM, and their status within the

movement, rather than only making declarations to that effect.

While some NAM member states may be tempted to abandon the movement, the greater threat to NAM is not official renunciations of non-alignment, but the effective rejection of non-alignment through incompatible policy actions. India is flirting with this idea in, for example, drifting towards the possibility of joint military operations with the United States.¹⁹ Bilateral military partnership with a superpower strikes at the heart of non-alignment. In Delhi's case, this can readily be interpreted in even more sinister terms as a cover for India's military ambitions.

Historically, NAM grew from a post-colonialism and an anti-imperialism. To grow further, it must develop from simple political independence to a more mature self-reliance through economic self-determination. Non-political exchanges between member states are also important.²⁰ Creative diplomacy could include building bridges, dialogues, and closer working relations with those tendencies in Europe and North America that are sympathetic to the cause of NAM. Non-alignment should involve greater professional, technocratic, inter-sectoral, cultural, scientific and people-to-people exchanges; it is too important to be left solely to governments. Broadening participation by members of sympathisers is useful in itself, apart from helping smoothen ac-

¹⁸A Pentagon paper for "seizing the unipolar moment" (to combine the sentiments of Krauthammer and Richard Nixon) by extending US power and influence after the Cold War was published in the *New York Times* of 8 March 1992. After some critical responses to the plan, a revised paper was drafted (*New York Times*, 24 May 1992). According to US analysts, the two versions were similar in substance, but differed in tone (CNN International).

¹⁹Sunanda K. Datta-Ray, "Ashes of Nonalignment."

²⁰Jelica Minic, "Innovative Approaches to North-South and South-South Cooperation: Challenge for the Non-Aligned Movement," *Development and South-South Cooperation: Towards a New Development Consensus* V, no. 8 (Belgrade, Yugoslavia: Centre for Strategic Studies, June 1989).

cess to an increasingly unified Europe and North America.

Given the realities of the day, NAM should undertake to invite Germany and Japan to endorse its cause, and perhaps even to underwrite certain of its activities. This will be for the benefit of all, in both substance and image: NAM can do with more influential and solvent friends, with no strings attached; and the continuing development of Germany and Japan, diplomatically and economically, will also be informed by NAM's natural aversion to militarism. In time, the United States might even be co-opted as an ally of NAM, instead of the other way around, as now seems imminent. Meanwhile, in engaging Germany and Japan, the Americans would be reminded of the other two poles of the world: Europe and East Asia.

For itself, NAM should now be open to novel approaches that are not only politically sound but administratively workable. A body of principles can be evolved through membership consensus, such that it can be adopted by member states and by the movement as a whole. Much of this will still concern the priorities for conducting peaceful and productive foreign relations. From this, common and identifiable precepts can be aduced to help define NAM as a living, coherent entity.

Looking back, relatively little has changed in individual positions on NAM. Many of those in favour of the movement's principles are still in favour of them; most of those who were not are still not; the indifferent largely remain indifferent. Yet the world has changed immensely, in ways that more deeply justify NAM's purpose -- the emergence of major regional powers amid

the proliferation of nuclear, chemical and biological weapons, the drift towards geo-economic blocs as seeming successors to the ideological blocs of the Cold War, and a unipolarity that has not transcended the dangers of power politics and the problems of unequal power relations.

Despite the obvious need for NAM still, a view persists that NAM is merely a creature of the Cold War, and should similarly be abandoned. It is a classic Cold War view, misaligned, stilted, partial, stylised and mechanistic; it is both simple and simplistic. Despite appearances, India has not fully capitulated on the NAM idea -- at least not yet. Among Delhi's difficulties with Washington are its insistence that a US-approved "new world order" incorporate a New International Economic Order (which strengthens the case for identifying NAM more closely with the developing world), and India's determination to proceed uninterrupted with its nuclear programme.

NAM would now also do well to return to some of its more positive founding principles, among them the pursuit of independent foreign policies, and the struggle for national emancipation, which are still incomplete. Full emancipation includes both the political freedom *from* colonialism, and the economic freedom *to* take responsible positions of importance in the international community. Underlying these freedoms is the logical development of national sovereignty, that being the prerogative of all states and societies to determine their own destinies free from foreign intervention. As for the rest, NAM must look to the future.

Countries in East Asia must be prepared to do their part for the cause of a post-Cold War NAM. This region is at the cutting edge

of economic growth in the world, and its responsibilities in helping forge a positive and constructive movement should be that much greater if recent suggestions to identify NAM with the South or G-77 are taken seriously.²¹ The first Afro-Asian Conference in Bandung and the first NAM Summit in Belgrade had always been spiritual brethren. It is also worth noting that the heart of the non-aligned cause -- essentially human and

²¹At the Tenth NAM Foreign Ministerial Conference in Accra in 1991, Libyan Foreign Minister Ibrahim Al-Bishari suggested that NAM be renamed Movement of Third World Countries. "Velayati Says NAM Must Rethink Objectives," *New Straits Times*, 5 September 1991.

societal development, non-intervention on grounds of national sovereignty, and avoidance of military aggrandizement -- well complements the thrust of economic growth in East Asia.

All of this is taking place when several of the original stalwarts of NAM may be lacking in the spirit and substance required for taking the movement farther. Yugoslavia is in deep turmoil, and to a degree so also is Algeria. Egypt's recent record in the Gulf War does not testify well to its commitment to NAM principles, and neither does India's policy shifts and bouts of self-doubt. Some three decades after Bandung, the spirit of non-alignment now returns to Southeast Asia.

Book Reviews

Liberalizing Foreign Trade in the Developing Countries

Liberalizing Foreign Trade vol. V: The Experience of Indonesia, Pakistan and Sri Lanka, edited by Demetris Papageorgiou, Michael and Armeane M. Choksi. Cambridge, Massachusetts, USA: Basil Blackwell, Inc., 1st ed., 1991, xii+428 pp. including index. Reviewed by Threesye Oscarita Mariman and Henry Hsiang.

DEVELOPING countries in general have very restrictive trade regimes. Finger and Laird (1987) estimate their average tariffs were 34 per cent, while in industrial countries were only 5 per cent. Many developing countries by the 1980s, however, began to realise that their restrictive trade policies constrained development. Therefore they began a process of liberalisation to facilitate trade and integration into the world economy.

The three editors of the book compiled this fifth volume studies on *Liberalizing*

Foreign Trade vol. V: The Experience of Indonesia, Pakistan and Sri Lanka. This volume is based on surveys and studies conducted by the World Bank on recent trade policy reforms and trends out of 19 developing countries. Trade policy reform as discussed in this book covers measures that move a restrictive trade regime toward to a more neutral incentive framework and to adopt more liberal trade policies. These policies include reducing government controls and replacing them with direct interventions (such as quantitative controls) and price mechanisms (such as tariffs).

The author of the Indonesian segment Mark M. Pitt, is a well known economic expert who has written numerous articles on Indonesia's trade policies. For example, in his article entitled "Alternative Trade Strategies and Employment in Indonesia," Pitt pointed out that the protection of Indonesian firms leads them to operate inefficiently. In this volume he describes in a compre-

hensive way the cost of trade restrictions for the entire economy. This cost constitutes a waste of society's resources by income-generating and unproductive rent-seeking activities such as smuggling, lobbying and investing solely for the purpose of obtaining import licenses. As noted in the appendix, Pitt describes a mathematical model showing the economic cost of smuggling which is relevant on the Indonesian experience. From a historical perspective, trade reform began during the post colonial 1950 period and was marked by four separate devaluation of the rupiah between 1952 to 1971. Ironically, early efforts to liberalise trade through the relaxation of quotas, price control and various licenses coincided with other policies which imposed non-tariff barriers to trade, and in effect, lessened those reform efforts.

Compared with the two other sample countries in this study, Indonesia possesses its own unique characteristics in the process of trade liberalisation:

"The Indonesian liberalization, although dramatic by most standard, was part of a revolution of such historical magnitude that it was not the major innovation of the state at the time of its introduction ... and the liberalization itself occurred during a period of such chaos that generalizable inferences on sequencing and desirable discrimination are nearly impossible to make." (p. 186)

Following Indonesia is a study by Stephen Guisinger and Gerald Scully on Pakistan entitled "Timing and Sequencing of Trade Liberalization," which is part of World Bank research project. In the case of Pakistan, and even Sri Lanka, this title is actually quite significant. Here, the trade liberalisation process was progressively slow and occurred in two periods: 1960-1965 known as the Ayub liberalisation and 1972-1978 known as the Bhutto liberalisation. Each

period had its own objective: the former intended to increase efficiency in the economic system and the latter stressed the equitable distribution of income. In contrast with the study on Indonesia, it is difficult in the case of Pakistan to give statistical evidence on the impact of liberalisation by examining major economic indicators. This is due to the fact that the scale of both liberalisations had been relatively small relative to those attempted by other countries and in proportion to the initial level of trade distortion.

Furthermore, the trading sector was relatively small compared with the size of Pakistan's population, so it was not easy to link changes in trade to changes in macroeconomic variables. There were also other concurrent economic events that have to some extent obscured the impact of trade reforms on major economic indicators. By means of econometric tests, the author concluded that the two periods of Pakistan's liberalisation have given positive contribution to the long-term development of the economy without causing negative impact on the employment rate, the level of industrial output or the rate of inflation.

Similarly, the section on Sri Lanka written by Andrew G. Cuthbertson and Premachandra Athukorala discusses "timing and sequencing" of trade liberalisation policies. Sri Lanka poses an interesting case of profound policy changes following a change in government. This study details the sequencing of the decision making process pertaining to trade liberalisation policies adopted under each regime. Sri Lanka in 1968 and again in 1977 experienced two episodes in the process of trade reform respectively known as a "small step" and a "large step", which in fact accounts for the basis of its trade liberalisation experience. It can be con-

cluded that Sri Lanka experienced only insignificant disruptions in this process and trade reform as a whole has been quite successful.

Volume 5 of *Liberalizing Foreign Trade* analyses the most important issues in designing and implementing trade policy reforms based on the experiences of Indonesia, Pakistan and Sri Lanka. The author concluded that although past reforms have had a positive impact, future programs should emphasize at least three elements: maintaining macroeconomic stability, reducing the level of protection, and accounting for the conflicts and complementarities with other policies. By placing each event in a chronological order, this volume is able to provide a complete picture of the economic situation of each country.

Consistent with other publications from the World Bank, this book is expressed in an

academic language, where theory, models and calculations of data are presented accurately. However, this book should not only be useful to academicians and economic or political researchers. Given the fact that the academic presentations is supported by easy explanations and a useful reference section that defines international trade terminologies, this book is highly recommended as a valuable reference for researchers interested in the orientation of foreign policies of the countries concerned, for students in international trade policies, businessman and even for the curious layman.

For policy makers, this analysis will provide some practical guidelines for present and future trade reforms. This is especially important for developing countries where the economic and political climate tends to present the greatest obstacles to successful reforms.

Asia's New Little Dragons

Asia's New Little Dragons: The Dynamic Emergence of Indonesia, Thailand, and Malaysia. By Steven Schlosstein. Chicago: Contemporary Books, Inc., 1991, 370 pp, xii. Appendix, notes, bibliography, index. Reviewed by Douglas E. Ramage.

ASIA'S *New Little Dragons* is an engaging, provocative study of why Indonesia, Thailand, and Malaysia have recently attained consistently high rates of economic growth. Steven Schlosstein

considers whether these achievements provide an adequate foundation upon which these three countries will become NICs, newly industrialized countries, and thereby enter "Little Dragonhood." The Japanese role in the development strategies and processes of these countries is examined in detail. Conversely, the relative lack of economic engagement by the United States is addressed throughout the volume. Schlosstein contends that the lack of American involvement in these candidate "Little Dragons" is to the detriment of both U.S. interests in general,

and to these countries' efforts to avoid overdependence on Japan. Both public and private sector policy implications for the United States are analyzed in the conclusion.

This book is rich in its analysis of the many factors involved in the development process. Schlosstein considers not only hard economic data, but more importantly, unquantifiable measures such as history, culture, religion, politics, and social trends. This multi-disciplinary approach allows the author to capture the socio-political contexts in which Indonesia, Thailand, and Malaysia must develop. Schlosstein reviews factors that have played important roles in the development of the current East Asian NICs. He then examines whether these factors are applicable in predicting future economic success of Indonesia, Thailand, and Malaysia. Components of development associated with the current NICs include an authoritarian political system, government-business cooperation, an external economic orientation, government incentives for private savings, an excellent public education system, and investment in indigenous research and development. He also analyzes important external elements that may have bearing on the development process such as regional security issues, Japan's changing role and influence, heightened economic competition, threats of protectionism, and the end of the Cold War.

The book has two basic purposes: *First*, it is to evaluate each of the candidate Little Dragons in terms of the complex interaction of domestic and international (primarily Japanese) forces. Much consideration and weight is also given to "intangible" elements such as quality of national leaderships, work ethics, desire to learn, religious and social values, and national spirit. The degree of authoritarianism is also crucial in Schlos-

stein's evaluation of past and future development. He judges Indonesia most favourably, followed by Thailand. Malaysia is harshly evaluated and its prospects for future NIC status are largely jeopardized by what Schlosstein sees as a deeply corrupt, almost totalitarian government whose pursuit of race-based economic and political policies will fundamentally retard Malaysia's economic development.

The *second* purpose of *Asia's New Little Dragons* is to argue that the United States faces fundamental ideological, as well as economic, competition from Japan, and that it is in Southeast Asia that this competition is most evident. The United States, Schlosstein contends, is currently losing competitive economic battles with Japan. However, Schlosstein feels that America, characterized by an ability to adapt to new realities, will ultimately ensure that the United States, not Japan (or Germany) will most creatively and purposefully adapt itself to a coming "information age." "The driving forces of this new era ... are decentralization, individual autonomy, and personal choice," all forces that Schlosstein sees as perfectly compatible with American values and characteristics. (p. 305)

It is in terms of the second purpose -- dealing with Japan and the United States -- that Schlosstein is most persuasive, effective, and controversial. He provides lucid and detailed analysis of each country's economic development and the all-important role of Japan in transferring manufacturing industries to Southeast Asia. Japanese engagement in these newly industrializing economies (NIEs) provides the engine for sustained growth that is at once good for Japan and, to an extent, good for the NIEs. Schlosstein writes with admiration of the ef-

ficient and helpful role of MITI bureaucrats posted at the Japanese embassies. Yet, it must be remembered that Japanese corporations and government are taking advantage of political stability and sound economic planning implemented by the three governments.

The depiction of the pervasive Japanese involvement in Indonesia, Thailand, and Malaysia is pointedly contrasted to the relatively low levels of U.S. investment, transfer of manufacturing capabilities, and general knowledge of the region. Additionally, Schlossstein frequently notes the relatively thin and unhelpful economic analysis of investment and commercial activity produced by American Embassy staff in the region. Such information, he implies would be welcomed by American corporations.

Schlossstein offers a well-reasoned prescription for why the U.S. should be economically involved in the region. He emphasizes that American companies should concentrate on establishing manufacturing bases in the NIEs, and not remain merely in energy and service industries as they tend to be now. Moreover, in order for the United States to play a significant role in these countries, its firms need to become engaged now because of both a "growing competitive disadvantage" vis-à-vis Japan and because Americans will find it difficult to sell *to* Southeast Asia if they are not manufacturing *in* Southeast Asia. (p. 288)

Yet in spite of his admiration of Japanese government partnership with business in enhancing its economic competitiveness in these countries, Schlossstein does not advocate a similar U.S. response to the economic dynamism of the NIEs or towards economic competition in general. The coming "information era" will be well suited to American

values which encourage decentralized, autonomous, and creative approaches and will therefore be far more valuable than the current centralized Japanese model. Indeed, in his conclusion, Schlossstein writes that the coming nature of competition will be as much ideological as it is economic: "With the collapse of the central command economies and the death of communism as an ideological alternative to democracy, Japan's politically authoritarian, strategically targeted mutant of capitalism, will unavoidably move into this vacuum to compete head-to-head against America's democratic, free-market, free-enterprise model in the information age." (p. 309) He argues that it will be an America imbued with "a more vigorous and vibrant entrepreneurial capitalism, based on America's innovative genius, driven by an indigenous spirit of American optimism and renewal" that will typify the coming age. Moreover, Schlossstein concludes, America will lead a "moral renewal in the future, as in the past." (p. 309)

The first purpose noted above -- to evaluate Indonesia, Thailand, and Malaysia's development and future potential through consideration of internal, international, economic, and intangible factors, is problematic in several ways. It is important to stress, however, that Schlossstein's comparative analysis of these countries, emphasizing intangible political, cultural, and social characteristics is precisely the manner in which the region should be analyzed. However, any observer concerned with analysis of the nature of authoritarian regimes and their relationship to economic development faces an acute analytical dilemma. Schlossstein argues that there is a correlation between the presence of an authoritarian political system

and accompanying high rates of economic growth and prosperity. He concludes that authoritarianism has been, and will be, essential for past and future sustainability of economic dynamism in these countries.

The problem however, is when an analysis of the effectiveness of authoritarian states in promoting national economic development begins to approximate an apology *for* authoritarianism. Moreover, Schlossstein does not demonstrate that a correlation between authoritarianism and economic development means *ipso facto* that a democracy would be less effective for facilitating economic growth.

One of the reasons that Schlossstein evaluates Indonesia so positively is that it is the only one of the three countries that "has a bona fide authoritarian political system, a necessary (but insufficient) condition for economic takeoff." (p. 19) Thailand's ability to meet this criteria is questionable, according to the author, because of the "civilian parliamentary democracy that controls the political economy today." (p. 20) In an interview with the then governor of Bangkok, Chamlong Srimuang, Schlossstein suggests that authoritarian Singapore may be an attractive model for the resolution of Bangkok's many problems. (p. 161) There is no doubt in the readers' mind that the author regrets that Singapore-style authoritarianism cannot be transplanted to Bangkok. On the other hand, Malaysia does not fulfill the authoritarian political system prerequisite either; though not because it is too democratic, but rather because Schlossstein judges Malaysia under Prime Minister Mahathir to be moving towards "totalitarianism." (p. 280)

The two most disturbing examples of the

author's tendency to uncritically accept authoritarian establishments' views concern first, what Schlossstein terms "western criticism" of the press in Asia, and in Indonesia in particular; and second, the political role of students and young people. "Outside criticism" he argues, "has relatively little effect on the system; to the contrary, in fact, it tends more often to outrage Asian governments than to change them." (p. 105) The key point is missed by Schlossstein: it is *how* one criticizes, rather than criticism itself which is important. Indonesian observers themselves often note how then Ambassador to Indonesia Paul Wolfowitz's commentary on the Indonesian political system on the eve of his departure from Jakarta is partially credited with the subsequent national debate over "openness".

The role of students and youth in expressing themselves politically is dismissed by Schlossstein as unimportant and he rationalizes government punishment of students in the following way: "societies the world over have had trouble containing the exuberance of their young -- witness Berkeley in 1968, Seoul in 1987, and Beijing's Tiananmen Square in 1989. ... One is sympathetic to these students, to be sure. They are idealistic and energetic. But they are also young and impatient, and they lack the hard seasoning of experience that will come later, experience that adult leaders have acquired over years of often difficult and painful adjustment." (pp. 108-09) To write of Berkeley in 1968 and the Tiananmen Massacre in 1989 as somehow similar takes one's breath away. There is shocking discontinuity between Schlossstein's ringing endorsement of the ideals and moral values of American democracy expressed in his conclusion, and the dismissal of the fundamentally democratic

political message of the young people in Beijing, Seoul, Rangoon, and elsewhere. Today's seasoned adult leaders of the emerging Little Dragons were often yesterday's exuberant and idealistic students. Moreover, students' political behaviour is often the reflection and expression of outrage felt throughout a society. Here, Schlosstein clearly misjudges an important component of the domestic political contexts of these three countries.

Additionally, we should exercise care in concluding that there must be authoritarianism, with its attendant implications that democracy is not suited to rapid economic growth, for there to be economic development. Schlosstein argues that "the most frequently overlooked factor in the recent rise of East Asian economies [is] political authoritarianism [which] has created a solid base of stability from which economic growth could proceed. *None* of these countries (Japan included) has picked representative democracy as the political model on which to base its economy." (original emphasis, p. 6) In a recent conference on Asian-Pacific Security, Robert Scalapino argued that in the case of India (often cited by persons who argue that political democracy there has not produced the levels of prosperity attained under authoritarianism elsewhere) that it was not politics that made economic development difficult in India; rather, it was the choice of wrong economic policies. It is also clear that the authoritarian response to democracy demonstrations in Bangkok on May 17-20, 1992 prompted many to question the "stability" of Thailand and its attractiveness for foreign investment. There are eloquent and reasoned arguments from Southeast Asians, not foreign observers, which hold that democratization will enhance prospects

for economic development. Developments in India, the Philippines, and Thailand over the next several years may provide alternative models that temper this contention that authoritarianism is a "necessary" ingredient in successful economic development.

Asia's New Little Dragons is an important and controversial book for several reasons. It raises some of the most fundamental questions of our time in the context of whether and how countries can lift themselves from poverty through particular combinations of internal strategies and external factors. Schlosstein clearly *likes* Indonesia and Thailand and wants them to succeed. And, in spite of significant infrastructural and human resource problems, he is reasonably confident that these two countries will sustain their drive towards industrialization and increased prosperity. Malaysia however, is judged harshly in his analysis. Despite its current relative closeness to NIC status, he sees Malaysia pessimistically, primarily because of its race-based system of politics. The reader also gets the impression that Schlosstein does not *like* Malaysia and had an unenjoyable research experience there in 1989. One cannot help but wonder if such impressions may have contributed to his fierce critiques of Malaysia and its future.

Schlosstein would like America to be involved in these countries' economic development for mutually beneficial reasons. The book is a strongly argued clarion-call for Americans to wake up to the dynamism and potentialities of countries in a part of the world rarely considered by Americans. He is also firmly optimistic that the United States, with appropriate changes in policy and outlook in both public and private sectors, is not in decline and that its indigenous values

and freedoms will work to its advantage as a moral and economic power well into the coming "information age." Japan, on the other hand, is portrayed increasingly as a competitor of the United States and its values. This is a rather stark depiction of a future era of heightened tension and competition between fundamentally different ideological systems.

This book is a significant contribution for Southeast Asianists, as well as for those

more generally interested in comparative political and economic issues in the developing world. In the end, however, this book was written primarily for an American audience, especially business and government leaders. And for this audience, *Asia's New Little Dragons* should be required reading; there is far too little well-written literature that so adeptly captures the dynamism and excitement of Southeast Asian countries and that will encourage continued and enhanced American involvement in the region.

When the Indonesian Armed Forces Did Not Merely Use Their Rifles

The confused situation and the scarcity of communication facilities at the beginning of the revolution triggered off unpleasant relations between the military and civilians in Indonesia.

Genesis of Power: General Sudirman and the Indonesian Military in Politics 1945-1949, by Salim Said, Institute of Southeast Asian Studies (ISEAS), Singapore. PT Pustaka Sinar Harapan, Indonesia, 1992, xxiii + 185 pp. This review article by Hedy Susanto is translated from *Prospek*, 18 April 1992, 44-45.

THE advantage of this book is its explanation why the military in Indonesia can be so dominant in political life. This is interesting because we will not find the same phenomenon in neighbouring states like the Philippines, Singapore, or Ma-

laysia. The role of the Indonesian Armed Forces (ABRI), in this Republic, according to liberal democracy is really unusual. Properly speaking, only civil politicians have the legitimacy to lead and create an efficient state. In order to ward off this Western conception we have our cliché answer ready: the Indonesian Armed Forces were born in the arena of struggle. Hence they are both fighting soldiers and soldier fighters. This means that the Armed Forces may occupy positions which are traditionally reserved for civil politicians.

How did this political role emerge, especially on the side of Soedirman? No foreign

or domestic scholar has ever discussed it. Salim Said, through this book, which has been adapted from his dissertation at Ohio University, USA expounds the background or rationale of the emergence of the political role as follows: General Soedirman as Commander in Chief of the Armed Forces was not appointed by the Soekarno-Hatta Government, a weak civil institution; this institution was an eight-months' experiment of military government during the guerilla warfare after the Duumvirate (Soekarno-Hatta) had been captured by the Dutch; and it was also due to the political behaviour of the military officers themselves.

Even civil-military relations had not been too harmonious since Independence. Only a few days after the Proclamation of Independence on 17 August 1945, the Soekarno-Hatta government lost control over the deteriorating situation. To defend Indonesia's independence and youth and civilian leaders in the regions -- not the Soekarno-Hatta government -- formed the People's Security Corps (BKR). This corps could hardly be called an army because it comprised just armed troops without control by any headquarters. Wellknown troops among them were, for example, *Barisan Pelopor* (Schock Troops) and *Hisbullah* (Army of God).

Why was the civil government reluctant to establish armed forces? According to Salim's analysis, without having an army at their disposal, Soekarno-Hatta wanted to show the Allied and Dutch troops, who were to land in Tanjung Priok on September 29, 1945, that they were not collaborating with the Japanese. Soekarno also designated Soepriyadi, platoon commander who vanished at the time of the uprising against the Japanese (occupation) army in Blitar, on 14 February 1945, as Minister of Defence

-- though he never appeared in public. The two leaders' apprehension did not disappear until the Allied forces guaranteed that they had only come to take Japanese prisoners away. Consequently, in order to restore the national government's authority, Soekarno replaced the People's Security Corps (BKR) with the People's Security Army (TKR) on 5 October 1945.

Even without instructions from Jakarta, the Army in Yogyakarta -- who were in general former PETA (*Pembela Tanah Air* - Japanese sponsored National Defence Army) members -- appointed a former teacher with charisma, Soedirman Commander in Chief and Sultan Hamengkubuwono IX Minister of Defence, on 12 November 1945.

Without being kept abreast of developments in Yogya, owing to the scarcity of means of telecommunications, two days later, the Duumvirate (Soekarno-Hatta) delegated their authority to the Chairman of Central National Committee of Indonesia (KNIP), Sutan Syahrir. In his capacity as Prime Minister, Syahrir appointed Amir Syarifuddin, his colleague of the Socialist Party, Minister of Defence. Amir had for some time contacted some former officers of the Royal Netherlands Indies Army (KNIL), particularly Oerip Soemohardjo, to organise the headquarters of the armed forces.

Although subsequently a compromise was reached, namely Soedirman was recognised by the government as Commander in Chief and Oerip Soemohardjo as Chief of Staff (with the rank of Lieutenant General), the disharmony continued. The attempt of the Soekarno Government to put Soedirman under Jakarta's control, failed. Didi Kartasasmita, a former KNIL officer, who was

close to both Soedirman and Oerip, gave his testimony and said, "The army was not used to the idea of hierarchy and discipline. The only discipline we used to know was personal in nature." This means that an order which came from the headquarters, was not fully carried out. However, if the order came from Soedirman, all the soldiers without exception obeyed it. (p. 61)

At a meeting chaired by Soedirman, a general objected to the post of Minister of Defence being held by Amir Syarifuddin. The general contended that most of the army members were Muslims, so it was not proper that the post of Minister of Defence be held by a Christian (Amir had been born a Muslim in 1907, but was converted to Christianity when he studied for the Master of Law degree in the Netherlands). Soedirman, like Tan Malaka emphasised fighting spirit rather than army professionalism.

This problem became even more complicated after Soekarno-Hatta preferred to be captured by the enemy during the Second Aggression of the Dutch on 19 December 1948, and Soedirman continued the fight through a guerilla warfare. It was at that time that the army's scepticism about the civil government started smouldering.

Professional former KNIL soldiers, such as A.H. Nasution and T.B. Simatupang also

played a role in generating the *Dual Function* of the military. For example, Nasution's concept of a guerilla government in *Wehrkreise*, has become the foundation of the *Dual Function* doctrine which gave legitimacy to the socio-political role of the Indonesian Armed Forces.

Naturally the publication of this book is very encouraging. The point is that previously political literature that exclusively discussed the Indonesian Armed Forces (ABRI) have been precisely presented by foreigners, such as Harold Crouch (*The Army and Politics in Indonesia*, 1978), Guy J. Pauker (*The Role of the Military in Indonesia*), and John J. Johnson, ed. (*The Role of the Military in Underdeveloped Countries*, 1962). Salim Said, 'an insider', who spent 6 out of 25 years in his journalist's career as a reporter for the Armed Forces, has succeeded in presenting the intricacies that are difficult to handle for a foreign observer. Salim's access to almost all historical actors at the beginning of the revolution, enabled him to discover the features more profoundly.

The systematisation of this book (comprising five chapters, plus an introduction and an epilogue), scheme, diagramme, bibliography, and index also facilitate the reader in digesting this very scientific book.

Documents

ANNEX K

FRAMEWORK AGREEMENT ON ENHANCING ASEAN ECONOMIC COOPERATION

The Sultan of Brunei Darussalam, the President of the Republic of Indonesia, the Prime Minister of Malaysia, the President of the Republic of the Philippines, the Prime Minister of the Republic of Singapore and the Prime Minister of the Kingdom of Thailand:

REAFFIRMING their commitment to the ASEAN Declaration of 8 August 1967, the Declaration of ASEAN Concord of 24 February 1976, the Treaty of Amity and Cooperation in Southeast Asia of 24 February 1976, the 1977 Accord of Kuala Lumpur and the Manila Declaration of 15 December 1987;

DESIRING to enhance intra-ASEAN economic cooperation to sustain the economic growth and development of all Member States which are essential to the stability and prosperity of the region;

REITERATING their commitment to the principles of the General Agreement on Tariffs and Trade (hereinafter referred to as "GATT");

RECOGNISING that tariff and non-tariff barriers are impediments to intra-ASEAN trade and investment flows, and that existing commitments to remove these trade barriers could be extensively improved upon;

NOTING the significant unilateral efforts made by Member States in recent years to liberalise trade and promote investments, and the importance of extending such policies to further open up their economies, given the comparative advantages and complementarity of their economies;

RECOGNISING that Member States, having different economic interests, could benefit from sub-regional arrangements;

CONSCIOUS of the rapid and pervasive changes in the international political and economic landscape, as well as both challenges and opportunities yielded thereof, which need more cohesive and effective performance of intra-ASEAN economic cooperation;

MINDFUL of the need to extend the spirit of friendship and cooperation among Member States to other regional economies, as well as those outside the region which contribute to the overall economic development of Member States;

RECOGNISING further the importance of enhancing other fields of economic cooperation such as in science and technology, agriculture, financial services and tourism;

HAVE AGREED AS FOLLOWS:

Article 1: Principles

1. Member States shall endeavour to strengthen their economic cooperation through an outward-looking attitude so that their cooperation contributes to the promotion of global trade liberalisation.
2. Member States shall abide by the principle of mutual benefit in the implementation of measures or initiatives aimed at enhancing ASEAN economic cooperation.
3. All Member States shall participate in intra-ASEAN economic arrangements. However, in the implementation of these economic arrangements, two or more Member States may proceed first if other Member States are not ready to implement these arrangements.

Article 2: Areas of Cooperation**A. Cooperation in Trade**

1. All Member States agree to establish and participate in the ASEAN Free-Trade area (AFTA) within 15 years. A ministerial-level Council will be set up to supervise, coordinate and review the implementation of the AFTA.
2. The Common Effective Preferential Tariff (CEPT) Scheme shall be the main mechanism for the AFTA. For products not covered by the CEPT Scheme, the ASEAN Preferential Trading Arrangements (PTA) or any other mechanism to be agreed upon, may be used.
3. Member States shall reduce or eliminate non-tariff barriers between and among each other on the import and export of products as specifically agreed upon under existing arrangements or any other arrangements arising out of this Agreement.
4. Member States shall explore further measures on border and non-border areas of cooperation to supplement and complement the liberalisation of trade.

B. Cooperation in Industry, Minerals and Energy

1. Member States agree to increase investments, industrial linkages and complementarity by adopting new and innovative measures, as well as strengthening existing arrangements in ASEAN.
2. Member States shall provide flexibility for new forms of industrial cooperation. ASEAN shall strengthen cooperation in the development of the minerals sector.
3. Member States shall enhance cooperation in the field of energy, including energy planning, exchange of information, transfer of technology, research and development, manpower training, conservation and efficiency, and the exploration, production and supply of energy resources.

C. Cooperation in Finance and Banking

1. Member States shall strengthen and develop further ASEAN economic cooperation in the field of capital markets, as well as find new measures to increase cooperation in this area.
2. Member States shall encourage and facilitate free movement of capital and other financial resources, including further liberalisation of the use of ASEAN currencies in trade and investments, taking into account their respective national laws, monetary controls and development objectives.

D. Cooperation in Food, Agriculture and Forestry

1. Member States agree to strengthen regional cooperation in the areas of development, production and promotion of agricultural products for ensuring food security and upgrading information exchanges in ASEAN.

2. Member States agree to enhance technical joint cooperation to better manage, conserve, develop and market forest resources.

E. Cooperation in Transportation and Communications

1. Member States agree to further enhance regional cooperation for providing safe, efficient and innovative transportation and communications infrastructure network.
2. Member States shall also continue to improve and develop the intra-country postal and telecommunications system to provide cost-effective, high quality and customer-oriented services.

Article 3: Other Areas of Cooperation

1. Member States agree to increase cooperation in research and development, technology transfer, tourism promotion, human resource development and other economic-related areas. Full account shall also be taken of existing ASEAN arrangements in these areas.
2. Member States, through the appropriate ASEAN bodies, shall regularly consult and exchange views on regional and international developments and trends, and identify ASEAN priorities and challenges.

Article 4: Sub-regional Economic Arrangements

Member States acknowledge that sub-regional arrangements among themselves, or between ASEAN Member States and non-ASEAN economies, could complement overall ASEAN economic cooperation.

Article 5: Extra-ASEAN Economic Cooperation

To complement and enhance economic cooperation among Member States, and to respond to the rapidly changing external conditions and trends in both the economic and political fields, Member States agree to establish and/or strengthen cooperation with other countries, as well as regional and international organisations and arrangements.

Article 6: Private Sector Participation

Member States recognise the complementarity of trade and investment opportunities, and therefore encourage, among others, cooperation and exchanges among the ASEAN private sectors and between ASEAN and non-ASEAN private sectors, and the consideration of appropriate policies aimed at promoting greater intra-ASEAN and extra-ASEAN investments and other economic activities.

Article 7: Monitoring Body

The ASEAN Secretariat shall function as the body responsible for monitoring the progress of any arrangements arising from this Agreement. Member States shall cooperate with the ASEAN Secretariat in the performance of its duties.

Article 8: Review of Progress

The ASEAN Economic Ministers' Meeting and its subsidiary bodies shall review the progress of implementation and coordination of the elements contained in this Agreement.

Article 9: Settlement of Disputes

Any differences between the Member States concerning the interpretation or application of this Agreement or any arrangements arising therefrom shall, as far as possible, be settled amicably between the parties. Whenever necessary, an appropriate body shall be designated for the settlement of disputes.

Article 10: Supplementary Agreements or Arrangements

Appropriate ASEAN economic agreements or arrangements, arising from this Agreement, shall form an integral part of this Agreement.

Article 11: Other Agreements

1. This Agreement or any action taken under it shall not affect the rights and obligations of the Member States under any existing agreements to which they are parties.
2. Nothing in this Agreement shall affect the power of Member States to enter into other agreements not contrary to the terms and objectives of this Agreement.

Article 12: General Exceptions

Nothing in this Agreement shall prevent any Member State from taking action and adopting measures which it considers necessary for the protection of its national security, the protection of public morals, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic and archaeological value.

Article 13: Amendments

All Articles of this Agreement may be modified through amendments to this Agreement agreed upon by all the Member States. All amendments shall become effective upon acceptance by all Member States.

Article 14: Entry Into Force

This Agreement shall be effective upon signing.

Article 15: Final Provision

This Agreement shall be deposited with the Secretary General of the ASEAN Secretariat who shall promptly furnish a certified copy thereof to each Member State.

IN WITNESS WHEREOF, the undersigned have signed this Framework Agreement on Enhancing ASEAN Economic Cooperation.

DONE at *Singapore*, this *28th day of January, 1992* in a single copy in the English Language.

For Brunei Darussalam: (signed)

(HAJI HASSANAL BOLKIAH) Sultan of Brunei Darussalam

For the Republic of Indonesia: (signed)

(SOEHARTO) President

For Malaysia: (signed)
(DR MAHATHIR BIN MOHAMAD) Prime Minister

For the Republic of the Philippines: (signed)
(CORAZON C. AQUINO) President

For the Republic of Singapore: (signed)
(GOH CHOK TONG) Prime Minister

For the Kingdom of Thailand: (signed)
(ANAND PANYARACHUN) Prime Minister

ANNEX L

AGREEMENT ON THE COMMON EFFECTIVE PREFERENTIAL TARIFF (CEPT) SCHEME FOR THE ASEAN FREE TRADE AREA (AFTA)

The Governments of Brunei Darussalam, the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore and the Kingdom of Thailand, Member States of the Association of South East Asian Nations (ASEAN):

MINDFUL of the Declaration of ASEAN Concord signed in Bali, Indonesia on 24 February 1976 which provides that Member States shall cooperate in the field of trade in order to promote development and growth of new production and trade;

RECALLING that the ASEAN Heads of Government, at their Third Summit Meeting held in Manila on 13-15 December 1987, declared that Member States shall strengthen intra-ASEAN economic cooperation to maximise the realisation of the region's potential in trade and development;

NOTING that the Agreement on ASEAN Preferential Trading Arrangements (PTA) signed in Manila on 24 February 1977 provides for the adoption of various instruments on trade liberalisation on a preferential basis;

ADHERING to the principles, concepts and ideals of the Framework Agreement on Enhancing ASEAN Economic Cooperation signed in Singapore on 28 January 1992;

CONVINCED that preferential trading arrangements among ASEAN Member States will act as a stimulus to the strengthening of national and ASEAN economic resilience, and the development of the national economies of Member States by expanding investment and production opportunities, trade, and foreign exchange earnings;

DETERMINED to further cooperate in the economic growth of the region by accelerating the liberalisation of intra-ASEAN trade and investment with the objective of creating the ASEAN Free Trade Area using the Common Effective Preferential Tariff (CEPT) Scheme;

DESIRING to effect improvements on the ASEAN PTA in consonance with ASEAN's international commitments;

HAVE AGREED AS FOLLOWS:

Article 1: Definitions

For the purposes of this Agreement:

1. "CEPT" means the Common Effective Preferential Tariff, and it is an agreed effective tariff, preferential to ASEAN, to be applied to goods originating from ASEAN Member States, and which have been identified for inclusion in the CEPT Scheme in accordance with Articles 2(5) and 3.
2. "Non-Tariff Barriers" mean measures other than tariffs which effectively prohibit or restrict import or export of products within Member States.
3. "Quantitative restrictions" mean prohibitions or restrictions on trade with other Member States, whether made effective through quotas, licences or other measures with equivalent effect, including administrative measures and requirements which restrict trade.
4. "Foreign exchange restrictions" mean measures taken by Member States in the form of restrictions and other administrative procedures in foreign exchange which have the effect of restricting trade.
5. "PTA" means ASEAN Preferential Trading Arrangements stipulated in the Agreement on ASEAN Preferential Arrangements, signed in Manila on 24 February 1977, and in the Protocol on Improvements on Extension of Tariff Preferences under the ASEAN Preferential Trading Arrangements (PTA), signed in Manila on 15 December 1987.
6. "Exclusion List" means a list containing products that are excluded from the extension of tariff preferences under the CEPT Scheme.
7. "Agricultural products" mean:
 - (a) agricultural raw materials/unprocessed products covered under Chapters 1-24 of the Harmonised System (HS), and similar agricultural raw materials/unprocessed products in other related HS Headings; and
 - (b) products which have undergone simple processing with minimal change in form from the original products.

Article 2: General Provisions

1. All Member States shall participate in the CEPT Scheme.
2. Identification of products to be included in the CEPT Scheme shall be on a sectoral basis, i.e., at HS 6-Digit level.
3. Exclusions at the HS 8/9 digit level for specific products are permitted for those Member States, which are temporarily not ready to include such products in the CEPT Scheme. For specific products, which are sensitive to a Member States, pursuant to Article 1(3) of the Framework Agreement on Enhancing ASEAN Economic Cooperation, a Member State may exclude products from the CEPT Scheme, subject to a waiver of any concession herein provided for such products. A review of this Agreement shall be carried out in the eighth year to decide on the final Exclusion List or any amendment to this Agreement.
4. A product shall be deemed to be originating from ASEAN Member States, if at least 40% of its content originates from any Member State.
5. All manufactured products, including capital goods, processed agricultural products and those products falling outside the definition of agricultural products, as set out in this Agreement, shall be in the CEPT Scheme. These products shall automatically be subject to the schedule of tariff reduction, as set out in Article 4 of this Agreement shall be applied, taking into account the tariff rate after the application of the existing margin of preference (MOP) as at 31 December 1992.
6. All products under the PTA which are not transferred to the CEPT Scheme shall continue to enjoy the MOP existing as at 31 December 1992.
7. Member States, whose tariffs for the agreed products are reduced from 20% and below to 0%-5%, even though

granted on an MFN basis, shall still enjoy concessions. Member States with tariff rates at MFN rates of 0%-5% shall be deemed to have satisfied the obligations under this Agreement and shall also enjoy the concessions.

Article 3: *Product Coverage*

This Agreement shall apply to all manufactured products, including capital goods, processed agricultural products falling outside the definition of agricultural products as set out in this Agreement. Agricultural products shall be excluded from the CEPT Scheme.

Article 4: *Schedule of Tariff Reduction*

1. Member States agree to the following schedule of effective preferential tariff reductions:
 - (a) The reduction from existing tariff rates to 20% shall be done within a time frame of 5 years to 8 years, from 1 January 1993, subject to a programme of reduction to be decided by each Member State, which shall be announced at the start of the programme. Member States are encouraged to adopt an annual rate of reduction, which shall be $(X-20)\%/5$ or 8, where X equals the existing tariff rates of individual Member States.
 - (b) The subsequent reduction of tariff rates from 20% or below shall be done within a time frame of 7 years. The rate of reduction shall be at a minimum of 5% of quantum per reduction. A programme of reduction to be decided by each Member State shall be announced at the start of the programme.
 - (c) For products with existing tariff rates of 20% or below as at 1 January 1993, Member States shall decide upon a programme of tariff reductions, and announce at the start, the schedule of tariff reductions. Two or more Member States may enter into arrangements for tariff reductions to 0%-5% on specific products at an accelerated pace to be announced at the start of the programme.
2. Subject to Articles 4(1)(b) and 4(1)(c) of this Agreement, products which reach, or are at tariff rates of 20% or below, shall automatically enjoy the concessions.
3. The above schedules of tariff reduction shall not prevent Member States from immediately reducing their tariffs to 0%-5% or following an accelerated schedule of tariff reduction.

Article 5: *Other Provisions*

A. *Quantitative Restrictions and Non-Tariff Barriers*

1. Member States shall eliminate all quantitative restrictions in respect of products under the CEPT Scheme upon enjoyment of the concessions applicable to those products.
2. Member States shall eliminate other non-tariff barriers on a gradual basis within a period of five years after the enjoyment of concessions applicable to those products.

B. *Foreign Exchange Restrictions*

Member States shall make exceptions to their foreign exchange restrictions relating to payments for the products under the CEPT Scheme, as well as repatriation of such payments without prejudice to their rights under Article XVIII of the General Agreement on Tariffs and Trade (GATT) and relevant provisions of the Articles of Agreement of the International Monetary Fund (IMF).

C. *Other Areas of Cooperation*

Member States shall explore further measures on border and non-border areas of cooperation to supplement and complement the liberalisation of trade. These may include, among others, the harmonisation of standards, reci-

procal recognition of tests and certification of products, removal of barriers to foreign investments, macroeconomic consultations, rules for fair competition, and promotion of venture capital.

D. Maintenance of Concessions

Member States shall not nullify or impair any of the concessions as agreed upon through the application of methods of customs valuation, any new charges or measures restricting trade, except in cases provided for in this Agreement.

Article 6: *Emergency Measures*

1. If, as a result of the implementation of this Agreement, import of a particular product eligible under the CEPT Scheme is increasing in such a manner as to cause or threaten to cause serious injury to sectors producing like or directly competitive products in the importing Member States, the importing Member States may, to the extent and for such time as may be necessary to prevent or to remedy such injury, suspend preferences provisionally and without discrimination, subject to Article 6(3) of this Agreement. Such suspension of preferences shall be consistent with the GATT.
2. Without prejudice to existing international obligations, a Member State, which finds it necessary to create or intensify quantitative restrictions or other measures limiting imports with a view to forestalling the threat of or stopping a serious decline of its monetary reserves, shall endeavour to do so in a manner, which safeguards the value of the concessions agreed upon.
3. Where emergency measures are taken pursuant to this Article, immediate notice of such action shall be given to the Council referred to in Article 7 of this Agreement, and such action may be the subject of consultations as provided for in Article 8 of this Agreement.

Article 7: *Institutional Arrangements*

1. The ASEAN Economic Ministers (AEM) shall, for the purposes of this Agreement, establish a ministerial-level Council comprising one nominee from each Member State and the Secretary-General of the ASEAN Secretariat. The ASEAN Secretariat shall provide the support to the ministerial-level Council for supervising, coordinating and reviewing the implementation of this Agreement, and assisting the AEM in all matters relating thereto. In the performance of its functions, the ministerial-level Council shall also be supported by the Senior Economic Officials' Meeting (SEOM).
2. Member States which enter into bilateral arrangements on tariff reductions pursuant to Article 4 of this Agreement shall notify all other Member States and the ASEAN Secretariat of such arrangements.
3. The ASEAN Secretariat shall monitor and report to the SEOM on the implementation of the Agreement pursuant to the Article III(2)(8) of the Agreement on the Establishment of the ASEAN Secretariat. Member States shall cooperate with the ASEAN Secretariat in the performance of its duties.

Article 8: *Consultations*

1. Member States shall accord adequate opportunity for consultations regarding any representations made by other Member States with respect to any matter affecting the implementation of this Agreement. The Council referred to in Article 7 of this Agreement, may seek guidance from the AEM in respect of any matter for which it has not been possible to find a satisfactory solution during previous consultations.
2. Member States, which consider that any other Member State has not carried out its obligations under this Agreement, resulting in the nullification or impairment of any benefit accruing to them, may, with a view to achieving

satisfactory adjustment of the matter, make representations or proposals to the other Member States concerned, which shall give due consideration to the representations or proposals made to it.

3. Any differences between the Member States concerning the interpretation or application of this Agreement shall, as far as possible, be settled amicably between the parties. If such differences cannot be settled amicably, it shall be submitted to the Council referred to in Article 7 of this Agreement, and, if necessary, to the AEM.

Article 9: General Exceptions

Nothing in this Agreement shall prevent any Member State from taking action and adopting measures, which it consider necessary for the protection of its national security, the protection of public morals, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic and archaeological value.

Article 10: Final Provisions

1. The respective Governments of Member States shall undertake the appropriate measures to fulfil the agreed obligations arising from this Agreement.
2. Any amendment to this Agreement shall be made by consensus and shall become effective upon acceptance by all Member States.
3. This Agreement shall be effective upon signing.
4. This Agreement shall be deposited with the Secretary General of the ASEAN Secretariat, who shall likewise promptly furnish a certified copy thereof to each Member State.
5. No reservation shall be made with respect to any of the provisions of this Agreement.

IN WITNESS WHEREOF, the undersigned, being duly authorised thereto by their respective Governments, have signed this Agreement on Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA).

DONE at *Singapore*, this *28th day of January, 1992* in a single copy in the English Language.

For the Government of Brunei Darussalam: (signed)
(ABDUL RAHMAN TAIB) Minister of Industry and Primary Resources

For the Government of the Republic of Indonesia: (signed)
(DR. ARIFIN M. SIREGAR) Minister of Trade

For the Government of Malaysia: (signed)
(RAFIDAH AZIZ) Minister of International Trade and Industry

For the Government of the Republic of the Philippines: (signed)
(PETER D. GARRUCHO JR.) Secretary of Trade and Industry

For the Government of the Republic of Singapore: (signed)
(LEE HSIEN LOONG) Deputy Prime Minister and Minister for Trade and Industry

For the Government of the Kingdom of Thailand: (signed)
(AMARET SILA-ON) Minister of Commerce

ANNEX M

SINGAPORE DECLARATION OF 1992

1. We, the Heads of State and Government of ASEAN, are encouraged by the achievements of ASEAN in the last twenty-five years, and are convinced that ASEAN cooperation remains vital to the well-being of our peoples.
2. Having reviewed the profound international political and economic changes that have occurred since the end of the Cold War and considered their implications for ASEAN, we declare that:
 - ASEAN shall move towards a higher plane of political and economic to secure regional peace and prosperity;
 - ASEAN shall constantly seek to safeguard its collective interests in response to the formation of large and powerful economic groupings among the developed countries, in particular through the promotion of an open international economic regime and by stimulating economic cooperation in the region;
 - ASEAN shall seek avenues to engage member states in new areas of cooperation in security matters; and
 - ASEAN shall forge a closer relationship based on friendship and cooperation with the Indochinese countries, following the settlement on Cambodia.

POLITICAL AND SECURITY COOPERATION

3. In the field of political and security cooperation, we have agreed that:
 - ASEAN welcomes accession by all countries in Southeast Asia to the Treaty of Amity and Cooperation in Southeast Asia, which will provide a common framework for wider regional cooperation embracing the whole of Southeast Asia;
 - ASEAN will also seek the cognizance of the United Nations for the Treaty through such means as an appropriate Resolution. This will signify ASEAN's commitment to the centrality of the UN role in the maintenance of international peace and security as well as promoting cooperation for socio-economic development;
 - ASEAN could use established fora to promote external dialogues on enhancing security in the region as well as intra-ASEAN dialogues on ASEAN security cooperation (such as the regional security seminars held in Manila and Bangkok in 1991, and the workshops on the South China Sea held in Bali in 1990 and Bandung in 1991), taking full cognizance of the Declaration of ASEAN Concord. To enhance this effort, ASEAN should intensify its external dialogues in political and security matters by using the ASEAN Post-Ministerial Conferences (PMC);
 - ASEAN has made major strides in building cooperatives ties with states of the Asia-Pacific region and shall continue to accord them a high priority;
 - ASEAN will seek to realise the Zone of Peace, Freedom and Neutrality (ZOPFAN) and a Southeast Asian Nuclear Weapon Free Zone (SEANWFZ) in consultation with friendly countries, taking into account changing circumstances;
 - ASEAN will closely cooperate with the United Nations and the International community in ensuring the full implementation of the Peace Agreements signed in Paris in October 1991. ASEAN supports the Cambodian Supreme National Council in calling on the UN Secretary-General to despatch UNTAC as early as possible in order to preserve the momentum of the peace process and to implement the gains realised by the signing of the Paris Peace Agreements. ASEAN calls on all parties in Cambodia to implement seriously the process of national reconciliation which is essential to a genuine and lasting peace in Cambodia; and
 - ASEAN will play an active part in international programmes for the reconstruction of Vietnam, Laos and Cambodia.

4. Conscious of the central role of the United Nations in the post-Cold War world, we agree that:

- The proposed Summit of members of the United Nations Security Council should help shape the United Nations' role for the promotion of a more equitable international political and economic order, and for the democratisation of the United Nations' decision-making processes in order to make the organization truly effective in meeting its obligations;
- ASEAN will participate actively in efforts to ensure that the United Nations is a key instrument for maintaining international peace and security; and
- ASEAN will encourage all efforts to strengthen the United Nations, including its role and capabilities in peace-keeping and peacemaking, in accordance with the United Nations Charter.

DIRECTIONS IN ASEAN ECONOMIC COOPERATION

5. In the field of economic cooperation, we have agreed that:

- To further accelerate joint efforts in enhancing intra-ASEAN economic cooperation, ASEAN shall adopt appropriate new economic measures as contained in the Framework Agreement on Enhancing ASEAN Economic Cooperation directed towards sustaining ASEAN economic growth and development which are essential to the stability and prosperity of the region;
- ASEAN shall establish the ASEAN Free Trade Area using the Common Effective Preferential Tariff (CEPT) Scheme as the main mechanism within a time frame of 15 years beginning 1 January 1993 with the ultimate effective tariffs ranging from 0% to 5%. ASEAN member states have identified the following fifteen groups of products to be included in the CEPT Scheme for accelerated tariff reductions:

- | | |
|--------------------|-------------------------------|
| • vegetable oils | • pulp |
| • cement | • textiles |
| • chemicals | • ceramic and glass products |
| • pharmaceuticals | • gems and jewellery |
| • fertiliser | • copper cathodes |
| • plastics | • electronics |
| • rubber products | • wooden and rattan furniture |
| • leather products | |

- ASEAN shall increase investments, industrial linkages and complementarity by adopting new and innovative measures, as well as strengthening existing arrangements in ASEAN and providing flexibility for new forms of industrial cooperation;
- ASEAN shall strengthen and develop further cooperation in the field of capital markets, and shall encourage and facilitate free movement of capital and other financial resources;
- ASEAN shall further enhance regional cooperation to provide safe, efficient and innovative transportation and communications infrastructure network;
- ASEAN shall also continue to improve and develop the intracountry postal and telecommunications system to provide cost-effective, high quality and customer-oriented services;
- ASEAN shall adopt joint efforts to strengthen trade promotion and negotiations on ASEAN agricultural products in order to enhance ASEAN's competitive posture, and to sustain the expansion of ASEAN agricultural exports in the international markets;
- ASEAN acknowledges that sub-regional arrangements among themselves, or between ASEAN member states and non-ASEAN economies could complement overall ASEAN economic cooperation;
- ASEAN recognises the importance of strengthening and/or establishing cooperation with other countries, regional/multilateral economic organisations, as well as Asia-Pacific Economic Cooperation (APEC) and an East Asia Economic Caucus (EAEC). With regard to APEC, ASEAN attaches importance to APEC's fun-

damental objective of sustaining the growth and dynamism of the Asia-Pacific region. With respect to an EAEC, ASEAN recognises that consultations on issues of common concern among East Asian economies, as and when the need arises, could contribute to expanding cooperation among the region's economies, and the promotion of an open and free global trading system;

- Further, recognising the importance of non-tariff and non-border areas of cooperation to complement tariff liberalisation in increasing regional trade and investment, ASEAN shall further explore cooperation in these areas with a view to making recommendations to the Fifth ASEAN Summit;
- ASEAN shall continue with its concerted efforts in the promotion of tourism, particularly in making the Visit ASEAN year 1992 a success;
- ASEAN shall continue to step up cooperation in other economic-related areas, such as science and technology transfer and human resource development;
- ASEAN shall enhance cooperation and collective action in international and interregional as well as in international organisations and regional groupings. ASEAN shall also continue to enhance relations with its dialogue partners and other producing/consuming countries towards the advancement of the commodity sector in the region and in addressing international commodity issues;
- ASEAN recognises that sustained economic growth require considerable inputs of energy. As member states continue to industrialise and strengthen their industrial base, ASEAN shall focus and strengthen cooperation in energy security, conservation and the search for alternative fuels;
- ASEAN recognises the complementarity of trade and investment opportunities and therefore encourages, among others, increased cooperation and exchanges among the ASEAN private sectors, and the consideration of appropriate policies for greater intra-ASEAN investments;
- ASEAN shall continue to uphold the principles of free and open trade embodied in the General Agreement on Tariffs and Trade (GATT), and work towards maintaining and strengthening an open multilateral trading system;
- ASEAN shall work collectively to ensure that the Uruguay Round addresses the key concerns and interests of the ASEAN economies, and adopt a pragmatic and realistic approach, in using the Draft Final Text as at 20 December 1991 as a reasonable basis for completing negotiations; and
- ASEAN strongly urges major trading countries to settle their differences on agriculture and other areas, and likewise use the Draft Final Text to work towards an early and successful conclusion of the Uruguay Round.

REVIEW OF ASEAN'S EXTERNAL RELATIONS

6. In reviewing ASEAN's external relations, we have agreed that:

- ASEAN, as part of an increasingly interdependent world, should intensify cooperative relationships with its Dialogue partners, namely Australia, Canada, the European Community, Japan, the Republic of Korea, New Zealand and the United States, and engage in consultative relationship with interested non-Dialogue countries and international organizations; and
- While ASEAN's cooperative relationship with the Dialogue partners have made significant progress, ASEAN should strengthen existing dialogue mechanisms and develop new ones where necessary for the enhancement of economic relations with these countries, especially ASEAN's major economic partners.

ASEAN FUNCTIONAL COOPERATION

7. In the field of functional cooperation, we have agreed that:

- The ASEAN member countries shall continue to enhance awareness of ASEAN among the people in the region through the expansion of ASEAN Studies as part of Southeast Asian Studies in the school and university cur-

ricula and the introduction of ASEAN student exchange programmes at the secondary and tertiary levels of education;

- ASEAN should help hasten the development of a regional identity and solidarity, and promote human resource development by considering ways to further strengthen the existing network of the leading universities and institutions of higher learning in the ASEAN region with a view to ultimately establishing an ASEAN University based on this expanded network;
- ASEAN functional cooperation shall be designed for a wider involvement and increased participation by women in the development of the ASEAN countries in order to meet their needs and aspirations. This cooperation shall also extend to the development of children to realise their full potential;
- The ASEAN member countries shall continue to play an active part in protecting the environment by continuing to cooperate in promoting the principle of sustainable development and integrating it into all aspects of development;
- ASEAN member countries should continue to enhance environmental cooperation, particularly in issues of transboundary pollution, natural disasters, forest fires and in addressing the anti-tropical timber campaign;
- The developed countries should commit themselves to assist developing countries by providing them new and additional financial resources as well as the transfer of, and access to environmentally sound technology on concessional and preferential terms;
- The developed countries should also help to maintain an international environment supportive of economic growth and development;
- ASEAN looks forward to seeing these commitments reflected in the outcome of the United Nations Conference on Environment and Development in 1992 at Rio de Janeiro;
- As Non-governmental Organizations (NGOs) play an important role in social development, ASEAN shall encourage the exchange of information among NGOs in the region and help expand their participation in intra-ASEAN functional cooperation;
- ASEAN shall intensify its cooperation in overcoming the serious problem of drug abuse and illicit drug trafficking at the national, regional and international levels; and
- ASEAN shall make a coordinated effort in curbing the spread of AIDS by exchanging information on AIDS, particularly in the formulation and implementation of policies and programmes against the deadly disease.

RESTRUCTURING OF ASEAN INSTITUTIONS

8. To strengthen ASEAN, we have agreed that:

- ASEAN Heads of Government shall meet formally every three years with informal meetings in between;
- The ASEAN organizational structure, especially the ASEAN Secretariat, shall be streamlined and strengthened with more resources;
- The Secretary-General of the ASEAN Secretariat shall be redesignated as the Secretary-General of ASEAN with an enlarged mandate to initiate, advise, coordinate and implement ASEAN activities;
- The Secretary-General of ASEAN shall be appointed on merit and accorded ministerial status;
- The professional staff of the ASEAN Secretariat be appointed on the principle of open recruitment and based on a quota system to ensure representation of all ASEAN countries in the Secretariat;
- The five present ASEAN Economic Committees be dissolved and the Senior Economic Officials Meeting (SEOM) be tasked to handle all aspects of ASEAN economic cooperation; and
- A ministerial-level Council be established to supervise, coordinate and review the implementation of the Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA).

Done in Singapore on the 28th day of January 1992.

For Brunei Darussalam: (signed)
(HAJI HASSANAL BOLKIAH) Sultan of Brunei Darussalam

For the Republic of Indonesia: (signed)
(SOEHARTO) President

For Malaysia: (signed)
(DR MAHATHIR BIN MOHAMAD) Prime Minister

For the Republic of the Philippines: (signed)
(CORAZON C. AQUINO) President

For the Republic of Singapore: (signed)
(GOH CHOK TONG) Prime Minister

For the Kingdom of Thailand: (signed)
(ANAND PANYARACHUN) Prime Minister

Contributors



- **J. Soedradjad Djiwandono.**

Junior Minister of Trade, Republic of Indonesia. He graduated from the Faculty of Economics, Gadjah Mada University, Yogyakarta (1963); obtained his M.Sc. from the Faculty of Economics, Wisconsin University, USA (1966) and Ph.D. in Economics from Boston University, USA (1980).

- **Angela M. Hemming.**

Currently she is pursuing her Master degree in International Relations in the Research School of Pacific Studies at the Australian National University. She is specialising in defence and security issues on Southeast Asia and the Southwest Pacific.

- **Ganganath Jha.**

Assistant Professor, Centre for South, Central, Southeast Asian and Southwest Pacific Studies, School of International Studies, Jawaharlal Nehru University, New Delhi, India. He obtained his MA in Political Science from Patna University, India (1970); and Ph.D. from Jawaharlal Nehru University, India (1977).

- **C.P.F. Luhulima.**

Senior Research at the Centre for Political and Regional Studies, Indonesian Institute of Sciences (*Puslitbang Pol Wil - LIPI*), Jakarta, with special interest in Euro-American Affairs. He got his BA from the Faculty of Letters, Indonesian Christian University (UKI), Jakarta (1957), MA and Ph. D. from the University of Muenster, Westf.

- **Bunn Nagara.**

Senior Analyst, *Institut Kajian Strategik dan Antarabangsa* or Institute of Strategic and International Studies (ISIS), Malaysia.

- **Emil Salim.**

Minister of State for Population Affairs and the Environment, Republic of Indonesia. He graduated from the Faculty of Economics, University of Indonesia, and obtained his Ph.D. in Institutional Structure and Economic Development, from the University of California, Berkeley, USA in 1964.

- **Rizal Sukma.**

Research Staff, Department of International Relations, CSIS, with special interests in Chinese and the East Asia and Pacific Affairs. He graduated from the Faculty of Social and Political Sciences, University of Padjadjaran, Bandung (1989).

BUSINESS REPLY MAIL

**PLACE
STAMP
HERE**



**Centre for Strategic and International Studies
Jalan Tanah Abang III/23-27, Jakarta 10160 Indonesia**

phi-
ould

Address all correspondence, permission requests, and books for review to The Indonesian Quarterly, Jalan Tanah Abang III/23-27, Jakarta 10160, Phones: 3865532-35, Telex: 45164 CENTRE 1A, Cable: CSIS JAKARTA, Fax: (021) 375317

Inquiries concerning subscription should be sent to NV Indoprom Company (Indonesia) Ltd., P.O. Box 2090 JKT, Jakarta, Phones: 8091928, 8091936, 8092574, 8092653. Subscription rate is Rp 11.500,00; US\$35.00 for subscribers living outside Indonesia (by air mail, add US\$15.00).

Orders for single back issues and bound volumes should be addressed to The Indonesian Quarterly, Jalan Tanah Abang III/23-27, Jakarta 10160, Phones: 3865532-35.